

Future Electronics Limited

Report and Financial Statements

31 December 2018

MONDAY



A8F4HVEI

A63

30/09/2019

#448

COMPANIES HOUSE

Directors

G B Oliver

A Shepherd

Secretary

K Carton

Auditors

Ernst & Young LLP

Wessex House

19 Threefield Lane

Southampton SO14 3QB

Bankers

BNP Paribas

10 Harewood Avenue

London NW1 6AA

Registered Office

Future House

The Glanty

Egham

Surrey TW20 9AH

Contents

STRATEGIC REPORT	3
DIRECTORS' REPORT	5
STATEMENT OF DIRECTORS' REPOSIBILITIES.....	7
INDEPENDENT AUDITOR'S REPORT.....	8
INCOME STATEMENT.....	11
STATEMENT OF OTHER COMPREHENSIVE INCOME.....	12
STATEMENT OF FINANCIAL POSITION	13
STATEMENT OF CHANGES IN EQUITY	14
STATEMENT OF CASH FLOWS.....	15
NOTES TO THE FINANCIAL STATEMENTS	16

Strategic report

The directors present their strategic report and the financial statements for the year ended 31 December 2018.

Review of the business

The principal activities during the year continued to be the management of customers' supply chain requirements, in particular the design, distribution and support of semi-conductor and lighting solutions.

The Company's key financial indicators during the year were as follows:

	2018 £000	2017 £000	Change £000	Change %
Turnover	758,261	692,733	65,528	9
Gross profit %	15.8%	12.6%	3.2%	25
Operating profit	33,645	561	33,084	5,897
Profit after tax	45,124	2,132	42,992	2,017
Total equity	247,588	190,015	57,573	30
Net current assets	295,484	240,123	55,361	23

Turnover increased by 9% (2017 – 19% increased), through a focus on existing customers, demand creation and other value-add programs, identification of new customers and franchise expansion. Gross margin has increased by 3.2%, due to a combination of factors including a shortage of supply in the market increasing competition for the availability of parts, product mix and exchange rate factors.

Sales, General and Administration Costs (SGA) decreased by 0.7%. Although there was increased investment in infrastructure, headcount increases and higher cost of commission to promotional companies, this was offset by an unrealised exchange gain in Euro and USD denominated accounts receivable balances following the weakening of Sterling in the second half of the year,

The increase in volume has added approximately £8.1m to the Gross Profit (GP). The increase in GP% has further increased Gross Margin by approximately £24.4m, giving a total increase of £32.5m, (2017 – decrease of £6.3m). The decrease in SGA costs, has positively impacted operating profit by £0.6m, giving an overall increase in operating profit of £33.1m (2017 – decrease of £24.8m).

Net current assets have increased by 23% (2017 – 35%), or £55.4m (2017 – £62.2m), reflecting an increase in stock of £18.3m (2017 – £36.6m), an increase in debtors of £27.5m (2017 – £24.9m), and an increase in net cash of £9.6m (2017 – £3.1m decrease).

Principal risks and uncertainties

The Company has identified the principal risks that it faces, and its reaction to them, as follows.

Market risk

The European Electronic Component market is subject to fluctuations of demand by customers. These fluctuations are linked to the economic cycles of the region and each individual country as well as the migration of manufacturing activity. The Company manages its exposure to these fluctuations by monitoring working capital, restricting dependence on large customers and maintaining close working relationships with suppliers.

Strategic report

Principal risks and uncertainties (continued)

Financial risk management

The Company manages its interest rate risk exposure, as interest on the group loan is an annually agreed fixed rate of interest.

The Company manages its foreign currency risk exposures on the sale of goods overseas where possible by invoicing in the same currency that the goods were purchased in. In addition, where the buying and selling currencies are mismatched, the Company attempts to include contractual terms to enable a variable rate to be invoiced in the event of significant currency movements.

The Company assesses the creditworthiness of new customers before commencing trade with them. Based on this, authorised credit line limits are set. A proactive approach to the identification and control of bad and doubtful debts is operated as well as a group insurance policy against uncollectible receivables.

Competitive risk

The Company is at risk from changes in market trading conditions driven by consumer demand and the level of competition in the marketplaces in which the company operates. The Company attempts to offset such risks by maintaining a diversified portfolio of products and suppliers and by extending the geographical marketplaces in which it operates.

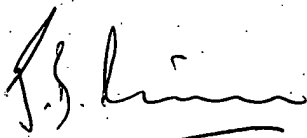
Legislative and business environment risk

Unanticipated changes in the legislative framework in which the company operates could affect its future results from operations. In addition the Company buys and sells products in many different countries exposing it to the additional risks of their legislatures as well as economic, political and business environmental risks. The Company continuously assesses these environments and decides what actions to take to limit its risk following such examination, up to the withdrawal from markets considered to hold a prohibitive level of risk.

Brexit

On 23rd June 2016 the eligible voters in the United Kingdom voted in a referendum to leave the European Union. The precise consequences of this decision are still not known in detail, so it is difficult to estimate the impact on our business. However, for FEL, a UK based company trading in (amongst others) the single market of the EU, there will be implications, not least in how that market will be accessed, what the tariffs will be, the operation of other indirect sales taxes and the regulatory framework under which such exports are made. However, it is the view of the directors that the implementation of this decision will not have a materially negative effect in the short term and that the going concern principal remains appropriate for the preparation of these statements and this report.

On behalf of the Board



G.B Oliver
Director

Date:

27/9/19

Registered No. 2087867

Directors' report

The directors present their report and financial statements for the year ended 31 December 2018.

Results and dividends

The profit for the year after taxation amounted to £45.1m (2017 – profit of £2.1m). No dividend was paid to Future Electronics Management Services Ltd (2017 – £58.5m).

Future developments

The Company is committed to strengthening its market position across EMEA and continues to invest in improving its presence, efficiency and effectiveness in all locations to achieve that aim.

Going concern

A financial review of the results and group financial position occurs each month with the Board of Future Electronics Limited and the Board of Future Electronics Inc. The group has considerable financial resources together with established long-term relationships with a number of customers, suppliers and advisors. As a consequence, the directors believe that the group is well placed to manage its business risks successfully. The directors have a reasonable expectation that the Company and the group have adequate resources to continue in operational existence for the foreseeable future. The Company's ultimate parent undertaking has committed to provide the company with continuing financial support for a period of not less than twelve months from the date of approval of these financial statements to the extent that the Company is unable to meet its obligations itself. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Directors

The directors who served the company during the year were as follows:

G B Oliver
A Shepherd

Charitable contributions

In the current year the Company supported charities in the areas of medical research and child welfare. Contributions during the year amounted to £5,350 (2017 – £8,235).

Employee involvement

During the year, the policy of providing employees with information about the Company has continued. Regular meetings are held between management and employees to allow a free flow of information and ideas.

Disabled employees

The Company gives full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities, and is committed to continuing the employment of, and arranging the appropriate training for, employees who may become disabled persons during the period when they were employed by the Company. Also, the Company will endeavour to ensure that as far as possible the training, career development and promotion of disabled persons is the same as for other employees.

Directors' report (continued)

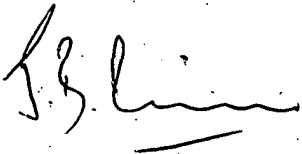
Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



G B Oliver
Director

Date: 27/9/19

Statement of directors' responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Future Electronics Limited

Opinion

We have audited the financial statements of Future Electronics Limited for the year ended 31 December 2018 which comprise Income Statement, the Statement of Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 23, 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 FRS 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 company's affairs as at 31 December 2018 and of its 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 below. We are independent of the 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Independent auditors' report

to the members of Future Electronics Limited

Other information (continued)

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 the 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 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 6, 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 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 company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report

to the members of Future Electronics Limited

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.

A further description of our responsibilities for the audit of the financial statements is located 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

Ernst & Young LLP

James Harris (Senior statutory auditor)
for and on behalf of
Ernst & Young LLP, (Statutory Auditor)
Southampton
Date: 30/9/19

Income statement

for the year ended 31 December 2018

		2018	2017
	Notes	£000	£000
Turnover	4	758,261	692,733
Cost of sales		(638,567)	(605,536)
Gross Profit		119,694	87,197
Sales, general and administration costs		(86,049)	(86,636)
Operating Profit	5	33,645	561
Income from shares in group undertakings		19,631	2,722
Profit on ordinary activities before interest and taxation		53,276	3,283
Interest receivable and similar income	8	1,100	559
Interest payable and similar charges	8	(3,177)	(1,782)
Net interest payable and similar charges	8	(2,077)	(1,223)
Profit on ordinary activities before taxation		51,199	2,060
Tax on profit on ordinary activities	9	(6,075)	72
Profit for the financial year		45,124	2,132

Statement of other comprehensive income

for the year ended 31 December 2018

	<i>Notes</i>	<i>2018</i> <i>£000</i>	<i>2017</i> <i>£000</i>
Profit for the year		45,124	2,132
Other comprehensive income:			
Recycling of derivative financial instruments		—	—
Other comprehensive income, net of tax		45,124	2,132
Total comprehensive income for the year		<u>45,124</u>	<u>2,132</u>

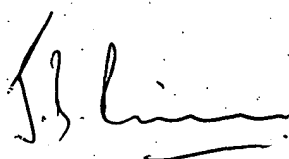
The notes on pages 16 to 32 form part of these financial statements.

Statement of financial position

at 31 December 2018

	Notes	2018 £000	2017 £000
Fixed assets			
Tangible assets	10	602	668
Investments	11	28,618	26,340
		<u>29,220</u>	<u>27,008</u>
Current assets			
Stocks	12	203,633	185,322
Debtors: amounts falling due within one year	13	198,813	171,348
Cash at bank and in hand	14	25,490	34,642
		<u>427,936</u>	<u>391,312</u>
Creditors: amounts falling due within one year	15	<u>(132,452)</u>	<u>(151,189)</u>
Net current Assets		<u>295,484</u>	<u>240,123</u>
Total assets less current liabilities		<u>324,704</u>	<u>267,131</u>
Creditors: amounts falling due after more than one year	16	(75,500)	(75,500)
Provisions for liabilities	17	<u>(1,616)</u>	<u>(1,616)</u>
Net Assets		<u>247,588</u>	<u>190,015</u>
Capital and reserves			
Called up share capital	18	169,789	169,789
Share premium		13,325	876
Profit and loss		<u>64,474</u>	<u>19,350</u>
Equity		<u>247,588</u>	<u>190,015</u>

The financial statements for company registration number 2087867 were approved and authorised for issue by the Board and were signed on its behalf by:



G B Oliver
Director

Date: 27/9/19.

The notes on pages 16 to 32 form part of these financial statements.

Statement of changes in equity

for the year ended 31 December 2018

	<i>Called up share capital £000</i>	<i>Share premium £000</i>	<i>Hedging reserve £000</i>	<i>Profit and loss £000</i>	<i>Total equity £000</i>
At 1 January 2017	109,889	876	—	75,718	186,483
<i>Profit for the year</i>	—	—	—	2,132	2,132
<i>Other comprehensive income for the year:</i>					
Increase in share capital	59,900	—	—	—	59,900
Intercompany dividend paid To Future Electronics Management Services Ltd.	—	—	—	(58,500)	(58,500)
At 1 January 2018	169,789	876	—	19,350	190,015
<i>Profit for the year</i>	—	—	—	45,124	45,124
<i>Other comprehensive income for the year:</i>					
Increase in share capital/premium	—	12,449	—	—	12,449
Balance at 31 December 2018	169,789	13,325	—	64,474	247,588

Statement of cash flows

for the year ended 31 December 2018.

	Note	2018 £000	2017 £000
Cash used in operations	20	(17,151)	(59,763)
Interest paid		(3,177)	(1,782)
Interest received		1,100	559
Tax paid		(757)	(4,397)
Net cash used in operating activities		<u>(19,985)</u>	<u>(65,383)</u>
Purchase of PPE		(174)	(361)
Net increase in investments		(2,278)	–
Dividends received		19,631	2,722
Dividends paid		–	(58,500)
Net cash generated from/(used in) investing activities		<u>17,179</u>	<u>(56,139)</u>
Increase in intercompany loan		–	58,500
Increase in share premium		12,449	–
Issue of additional share capital		–	59,900
Net cash generated from financing activities		<u>12,449</u>	<u>118,400</u>
Net increase/(decrease) in cash and cash equivalents		9,643	(3,122)
Cash and cash equivalents including bank overdrafts at the beginning of the period		<u>(435)</u>	<u>2,687</u>
Net cash and cash equivalents at the end of the year		<u>9,208</u>	<u>(435)</u>
Reconciliation of net cash and cash equivalents			
Cash and cash equivalents (disclosed within current assets)		25,490	34,642
Bank overdraft (disclosed within current liabilities)		<u>(16,282)</u>	<u>(35,077)</u>
Net cash and cash equivalents at the end of the year		<u>9,208</u>	<u>(435)</u>

Notes to the financial statements

at 31 December 2018

1. General information

Future Electronics Limited (the Company) is engaged in the management of customers' supply chain requirements, in particular, the design, distribution and support of semi-conductor and lighting solutions. The Company is a private limited company and is incorporated and domiciled in the UK. The address of its registered office is Future House, The Glanty, Egham, Surrey TW20 9AH.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 102, "The Financial Reporting Standard Applicable in the UK and the Republic of Ireland" (FRS 102). The financial statements have been prepared on the going concern basis, under the historical cost convention except for derivative financial instruments which are measured at fair value, and in accordance with the Companies Act 2006.

The financial statements have been prepared in sterling which is the Company's functional currency and rounded to the nearest £000.

Consolidation

The Company is a wholly-owned subsidiary of Future Electronics Management Services Limited, a company registered in England and Wales. Alonim Investments Inc. is regarded by the directors as being the entity's ultimate parent entity and is incorporated in Canada.

The smallest group of undertakings for which group financial statements are drawn up and of which the Company and its subsidiaries are included is Future Electronics Inc. (incorporated in Canada).

Tangible assets

All tangible fixed assets are initially recorded at cost and are stated at cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value – updated if indicators are present that its value has changed, of each asset evenly over its expected useful life, as follows:

Short leasehold improvements	–	5 years
Equipment and fixtures	–	5 to 10 years
Computer equipment	–	4 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

Investments in other group companies are carried at cost. The Company assesses potential impairments to its investments when events or changes in circumstances indicate that the carrying amount may not be fully recoverable. If necessary an impairment loss is recognised as the difference between the carrying value and the recoverable amount of the investment. Recoverable amount is determined based on the greater of fair value less costs to sell or value in use.

Notes to the financial statements

at 31 December 2018

2. Summary of significant accounting policies (continued)

Revenue recognition

Revenue is recognised when the significant risk and rewards of ownership of the goods have passed to the buyer, when the price to the buyer is determinable and collectability is reasonably assured. Risk and rewards of ownership pass depending on terms of agreement with the customer, typically with most agreements this is on delivery. Revenue is measured at the fair value of consideration received, excluding VAT and other sales taxes or duty.

Interest income is recognised as interest accrues using the effective interest method, and dividend income when the right to receive dividend is obtained.

Stocks

Stock, including consignment inventory, is stated at the lower of cost and net realisable value including provision for any slow moving or obsolete items. Cost is purchase price including the cost to bring the stock into its present location less trade discounts and is computed on a weighted average cost basis. Net realisable value is based on estimated selling price less any further costs expected to be incurred on disposal.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All exchange differences are taken to the statement of comprehensive income.

Provisions of liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past event, the amount of the obligation can be estimated reliably and it is probable that an outflow of funding will be required to settle the obligation.

The Company has applied a pre-tax rate in order to take account of the time value of money on future obligations and benefits arising from a lease agreement to arrive at the value of a leasehold dilapidation provision.

Provision for the expected costs of leasehold dilapidations are recognised when there is an obligation to restore the building to its original condition, such cost is provided for over the term of the lease through the income statement on a straight-line basis over the shorter of the period to the first rent review or the life of the lease. The obligation will be relinquished when the lease has ended.

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term. Lease incentives are recognised over the lease term.

Notes to the financial statements

at 31 December 2018

2. Summary of significant accounting policies (continued)

Pensions

The Company makes payments into a defined contribution pension scheme for all eligible and enrolled employees. As such the amounts are charged to the statement of comprehensive income in the period in which they become payable.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity date of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Financial instruments

Financial assets

The Company's financial assets include cash, trade and other debtors.

Cash and cash equivalents comprise balances on bank financial statements, cash in transit and cash floats held in the business.

Trade and other debtors that have fixed or determinable payments that are not quoted in an active market are classified as debtors. Trade debtors are measured initially at transaction price and subsequently at amortised cost using the effective interest method, less any impairment. Impairment is only recognised when there is objective evidence of an impairment.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses. At the end of each reporting period, the company assesses whether there is objective evidence of impairment of any financial assets that are measured at cost or amortised cost. If there is objective evidence of impairment, the company recognises an impairment loss in profit or loss immediately.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the assets to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of the ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

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

A financial liability is recognised at amortised cost if the contract meets certain criteria the conditions as discussed within FRS 11.9. Only when at initial measurement of the financial liability that represents a financing transaction is the market rate of interest for a similar debt instrument used to determine the present value of the arrangement.

Notes to the financial statements

at 31 December 2018

2. Summary of significant accounting policies (continued)

Financial liabilities

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

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

Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets 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, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the income statement, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

Loan stock

Loan stock which is a basic financial instrument is initially recorded at the present value of future payments discounted at a market rate of interest. Subsequently, it is measured at amortised cost using the effective interest method.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These can affect the amounts recognised in the financial statements for assets, liabilities, revenues and expenses, as well as issues with regards to contingent liabilities.

The estimates and assumptions that are deemed by the Board to be the most important for an understanding of the financial statements are discussed below.

Impairment of Investments, property, plant and equipment

The Company tests whether any of its investments have suffered any impairment. The carrying value of the asset in the financial statements is compared to the recoverable amount of the investment at the year end. Recoverable amount is determined based on the greater of fair value less costs to sell or value in use.

Notes to the financial statements

at 31 December 2018

3. Critical accounting estimates and judgements (continued)

Other fixed assets are depreciated or amortised over their estimated useful lives to their estimated residual values. Both the estimated useful life and the residual value are reviewed at least at each financial year-end.

Stock

Stock is valued at the lower of cost and net realisable value. Due allowance is made for obsolete and slow moving items by consulting with persons who are experts in this field as to the most likely value of such items. However, a change in demand or a new innovation subsequent to the publishing of these financial statements could change such judgements. Stock obsolescence provision at 2018 year-end is £717,000 (2017 – £873,000).

Accounts receivable

The Company has a highly sophisticated process for managing debtors including the credit limits offered to customers. All customers are given a risk assessment rating on a quarterly or bi-annual basis and all receivables balances are reviewed at year end for collectability. Any individual receivable for which collection is considered improbable – based on objective evidence – is provided for, however without knowing all individual circumstances of a customer, the actuality could differ from this judgement. Accounts receivable provision at 2018 year-end is £434,000 (2017 – £629,000).

Income taxes

The Company makes a provision for corporation tax based on estimates of certain matters. If the final determination of HMRC differs from such estimates, then the difference will impact the period during which the determination is made. There are no uncertain tax positions at year end.

Disputes

The Company can be party to disputes and legal proceedings in the ordinary course of business. Management consults with legal experts in relation to legal disputes, and other experts both internal and external for other disputes in the ordinary course of business. Any dispute that is deemed to have a likely ultimate negative impact on the financial statements is provided at the best estimate of the cost to the Company. Such amounts are reviewed regularly.

Dilapidation costs

An estimate has been made of the cost to restore the Company's leasehold properties to their original conditions on lease termination and such cost provided for over the term of the lease. Whilst Chartered Surveyors have advised the Company in this calculation, there will be some variation when the actual cost is incurred.

4. Turnover

Turnover represents the amounts derived from the sale of goods supplied by the Company, net of value added tax and trade discounts. All turnover arises from continuing operations. An analysis of turnover destination by geographical market has not been provided on the grounds that, in the opinion of the Directors, it would be seriously prejudicial to the interests of the Company.

Notes to the financial statements

at 31 December 2018

5. Operating profit

This is stated after charging/(crediting):

	2018 £000	2017 £000
Wages and salaries	15,324	14,866
Social security costs	1,695	1,747
Defined pension contributions	333	233
Staff costs	17,352	16,846
Depreciation of owned assets	240	515
Operating lease charges – land and buildings	2,096	2,096
Operating lease charges – plant and machinery	9	16
Write down of inventory	83	52
Foreign exchange (gain)/loss	(4,022)	1,769
Audit fees payable to the Company's auditors	84	110

6. Directors' remuneration

Certain directors' remuneration has been borne by the Company's immediate parent undertaking Future Electronics Management Services Limited. The directors do not believe that it is practicable to apportion this amount between their services as directors of the Company and their services as directors of the fellow subsidiary companies. The directors participate in the Company's defined contribution scheme on the same terms as other employees.

The remuneration is disclosed within the immediate parent undertaking's financial statements. The total remuneration paid to the directors in the parent undertaking's financial statements is £363k (2017 – £349k).

7. Staff costs

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

	2018	2017
Sales	56	55
General and administration	283	286

8. Interest income and expense

	2018 £000	2017 £000
Interest receivable and similar income		
Bank interest receivable	1,100	559
Total interest received and similar income	<u>1,100</u>	<u>559</u>
Interest payable and similar charges		
Bank interest payable	(974)	(530)
Interest payable to group companies	(2,203)	(1,252)
Total interest payable and similar charges	<u>(3,177)</u>	<u>(1,782)</u>

Notes to the financial statements

at 31 December 2018

8. Interest income and expense (continued)

	2018 £000	2017 £000
Net finance cost		
Interest income	1,100	559
Interest expense	(3,177)	(1,782)
Net finance cost	(2,077)	(1,223)

9. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2018 £000	2017 £000
Current tax:		
Tax expense included in profit or loss		
UK corporation tax charge on profit for the year	6,056	–
Adjustments in respect of prior periods	–	37
Total current tax	6,056	37
Total deferred tax	19	(109)
Tax on profit on ordinary activities	6,075	(72)

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower (2017 – lower) than the standard rate of corporation tax in the UK of 19.00% (2017 – 19.25%). The differences are explained below:

	2018 £000	2017 £000
Profit on ordinary activities before income tax	51,199	2,059
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 – 19.25%)	9,728	396
Effects of:		
Income not subject to and expenses not deductible for tax	(3,643)	(487)
Depreciation in excess of capital allowances	6	59
Adjustment to tax charge in respect of prior periods	(12)	37
Other timing differences	(4)	(77)
Tax charge	6,075	(72)

Notes to the financial statements

at 31 December 2018

9. Tax (continued)

The deferred taxation asset recognised in the financial statements is as follows:

	2018 £000	2017 £000
Depreciation in advance of capital allowances	(4)	(9)
Losses carried forward to future years	-	(40)
Rate change on opening balances	-	-
Other timing differences	(86)	(60)
Total	(90)	(109)

In 2018, the deferred taxation asset not recognised in the financial statements was as follows:

	2018 £000	2017 £000
Depreciation in advance of capital allowances	-	-
Rate change on opening balances	-	-
Other timing differences	-	-
Total	-	-

(c) Factors that may affect future tax charges

Reductions in the UK corporation tax main rate to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were enacted on 26 March 2016. In the Budget on 16 March 2016, the Chancellor announced a further reduction of the Corporation tax main rate to 17% (effective from 1 April 2020) which was enacted on 15 September 2016. These changes will reduce the Company's future tax charges accordingly.

10. Tangible fixed assets

	Leasehold improvements £000	Equipment and fixtures £000	Computer equipment £000	Total £000
Cost:				
At 1 January 2018	3,926	595	982	5,503
Additions	-	37	137	174
Disposals	-	-	-	-
At 31 December 2018	3,926	632	1,119	5,677
Accumulated depreciation and impairment:				
At 1 January 2018	3,668	443	724	4,835
Charge for the year	34	59	147	240
Disposals	-	-	-	-
At 31 December 2018	3,702	502	871	5,075
Net book amount:				
At 1 January 2018	258	154	258	668
At 31 December 2018	224	130	248	602

Notes to the financial statements

at 31 December 2018

11. Investments

*Investment
undertakings
£000*

Cost and net book value:

At 1 January 2018	26,340
Additions	28,618
Disposals	(26,340)
At 31 December 2018	28,618

<i>Name of company</i>	<i>% Holding</i>	<i>Principal Activity</i>	<i>Country of Incorporation</i>
Future Electronics Austria GmbH	100%	Local Distributor	Austria
Future Electronics NV	100%	Marketing & Technical	Belgium
Future Electronics s.r.o	100%	Marketing & Technical	Czech Rep
Future Electronics A/S	100%	Marketing & Technical	Denmark
Future Electronics OU	100%	Marketing & Technical	Estonia
Future Electronics Oy	100%	Marketing & Technical	Finland
Future Electronics S.A.	100%	Marketing & Technical	France
Future Electronics Deutschland GmbH	100%	Local Distributor	Germany
Future Electronics Kft.	100%	Marketing & Technical	Hungary
Future Electronics (Ireland) Limited	100%	Local Distributor	Ireland
Future Electronics Distribution (Israel) Limited	100%	Marketing & Technical	Israel
Future Electronics S.r.L	100%	Marketing & Technical	Italy
Future Electronics UAB	100%	Marketing & Technical	Lithuania
Future Electronics B.V.	100%	Marketing & Technical	Netherlands
Future Electronics A.S.	100%	Local Distributor	Norway
Future Electronics Polska S.P.Z.o.o.	100%	Marketing & Technical	Poland
Future Electronics Portugal Unipessoal LDA	100%	Marketing & Technical	Portugal
Future Electronics SRL	100%	Marketing & Technical	Romania
Future Electronics Rus LLC	100%	Marketing & Technical	Russia
Future Electronics d.o.o.	100%	Marketing & Technical	Slovenia
FE Trading PTY Limited	100%	Local Distributor	South Africa
Future Electronics Distribution (Spain) S.L.	100%	Marketing & Technical	Spain
FAI Electronics AB	100%	Marketing & Technical	Sweden
Future Electronics Schweiz GmbH	100%	Local Distributor	Switzerland
Future Electronics Turkey Ltd	100%	Local Distributor	Turkey

Notes to the financial statements

at 31 December 2018

The registered addresses for these Investments are:

Future Electronics Austria GmbH - Scheringgasse 2, 1140 Wien, Austria
 Future Electronics NV – Bedrijvencentrum Regio Aalst, Industrielaan 4 Erembodegem-Aalst 9320 Belgium
 Future Electronics s.r.o. – 4th Floor, East Building, Antala Staska 510/38, Prague, 140 00, Czech Republic
 Future Electronics A/S – Skomagervej 130, Vejle, 7100, Denmark
 Future Electronics OU – Narva Rd. 13^a, Tallinn, 10151, Estonia
 Future Electronics Oy – Teknobulevardi 7, 01530 Vantaa, Finland
 Future Electronics S.A. – Le Crystalys, 6 Avenue Morane-Saulnier 78140, Velizy-Villacoublay, France
 Future Electronics Deutschland GmbH – Maz-Planck-Str. 3, 85609 Aschheim – Dornach, Germany.
 Future Electronics Kft. – H-1113 Budapest, Nagyszolos uca 1-15.3.em, Hungary
 Future Electronics (Ireland) Ltd – Block B, The Crescent Building, Northwood Crescent, Northwood, Santry, Dublin 9, D09C6X8, Ireland
 Future Electronics Distribution (Israel) Limited – 2 Maskit Street, Herzliya Pituach 4673302, Israel
 Future Electronics S.r.l. - Via Victor Hugo n.4, Milano, Italy
 Future Electronics UAB – Taikos av. 151, Kaunas, Republic of Lithuania
 Future Electronics BV – 4823 AA Breda, Tinststraat 3, Netherlands
 Future Electronics AS – Tevlingvelen 23, 1018 Oslo, 0301 Oslo, Norway
 Future Electronics Polska Sp. Z o.o. – Kłopotowskiego 22, Warsaw, 03-717, Poland
 F.E. Portugal Unipessoal LDA – Rua Rodrigo Da Fonesca 82, 1250-193, Lisboa, Portugal
 Future Electronics S.R.L. – Bulevardul Eroilor 16, Cluj-Napoca 400000, Romania
 Future Electronics Rus LLC – 7 Dolgorukovskaya Street, 127006, Moscow, Russia
 Future Electronics d.o.o. – Leskova cesta 2, 1000 Ljubljana, Slovenia
 FE Trading PTY Limited – 89 Welsh Road Estcourt 3310, South Africa
 Future Electronics Distribution (Spain) SL – AV. Partenon, 28042, Madrid, Spain
 Future Electronics AB – Kista Science Tower and Farogatan 33, 164 51, Sweden
 Future Electronics Schweiz GmbH – Grabenwisstrasse 1, 8604 Volketswil, Switzerland
 Future Electronics Turkey – Koyzatagi Mah. S.M.Gaith Ongul Sk.No:3 Bagdatlioglu Plaza K:9 Kadikoy, Istanbul, Turkey

12. Stocks

	2018	2017
	£000	£000
Finished goods and goods for resale	<u>203,633</u>	<u>185,322</u>

Included within finished goods is £5.7m (2017 – £5.1m) of stock held on consignment.

Stocks recognised as an expense in the period were £631.7m (2017 – £600.8m).

Notes to the financial statements

at 31 December 2018

13. Debtors

	2018 £000	2017 £000
Trade debtors	160,284	136,438
Amounts owed by group undertakings	21,070	18,146
Corporation tax	–	1,665
Other debtors	8,825	7,588
Other taxes and social security costs	7,115	6,743
Prepayments	1,519	768
	<u>198,813</u>	<u>171,348</u>

Amounts owed by group undertakings are for the most part trading balances which are repayable on normal commercial terms and are non-interest bearing.

Provision for doubtful debts for the year was £434,000 (2017 – £629,000). A proactive approach to the identification and control of bad and doubtful debts is operated as well as a group insurance policy against uncollectable receivables. Provision for doubtful debts is the gross amount before any insurance claims.

14. Cash and cash equivalents

In 2018, the Company had a revolving Credit Loan with BNP Paribas of \$10m. The interest rate levied on this loan if utilised was the Overnight USD rate + 0.75%.

15. Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade payables	42,699	38,119
Amounts owed to group undertakings	46,574	41,295
Corporation tax	3,771	–
Bank overdraft	16,282	35,077
Other creditors	72	86
Accruals	22,754	36,612
	<u>132,152</u>	<u>151,189</u>

Amounts owed to group undertakings are for the most part trading balances which are repayable on normal commercial terms and are non-interest bearing. For those elements which remain outstanding for longer periods and assume the substance of financing, interest is charged at an arm's length rate, being 50 basis points above 12 month LIBOR for UK companies, 12 month Euribor for Eurozone companies and 12 month Applicable Federal Rate for other companies.

A £73k accrual is included within Accruals in relation to an ongoing legal claim (2017 – £274k). This reduction in 2018 was due to part of the claim being dropped.

Notes to the financial statements

at 31 December 2018

16. Creditors: amounts falling due after more than one year

	2018 £000	2017 £000
Loan – owed to group company	75,500	75,500

The intercompany loan stock is from FE Luxfinco Services Sarl. It is unsecured and repayable on 31 December 2020. Interest is payable at 2.75% per annum (2017 – 2.75%).

17. Provisions for liabilities

	<i>Dilapidations</i> £000
At 1 January 2018	1,616
Additions to the income statement	–
Additions to fixed assets	–
Amounts utilised against the provision	–
At 31 December 2018	1,616

18. Issued share capital

	No.	2018 £000	No.	2017 £000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	169,788,984	169,789	169,788,583	169,789

19. Other financial commitments

The Company had the following future minimum annual lease payments under non-cancellable operating leases for each of the following periods:

	2018 £000	2017 £000
Not later than one year	1,082	1,091
Later than one year and not greater than five years	6,129	5,166
Later than five years	9,153	10,180
	16,364	16,437

During the year, the Company and its fellow subsidiaries provided a financial guarantee of up to \$200m (£157.4m); (2017 – \$200m (£148.0m)) to a syndicate of banks in connection with a secured revolving credit facility entered into by its ultimate parent undertaking. The facility was partially guaranteed by a first claim on the Company's financial statements receivable and stock with carrying amounts of £160.3m and £203.6m respectively at 31 December 2018. As at 31 December 2018, the amount utilised under the loan facility of its ultimate parent undertaking subject to the guarantee above was \$1.8m (£1.5m) exclusively for standby letters of credit.

Notes to the financial statements

at 31 December 2018

20. Cash (used in)/generated from operations

	2018 £000	2017 £000
<i>Profit before tax</i>	51,199	2,060
Adjustments for:		
Depreciation	240	515
Interest income	(1,100)	(559)
Interest expense	3,177	1,782
Dividends received	(19,631)	(2,722)
Changes in working capital:		
Inventories	(18,311)	(36,571)
Trade and other receivables	(26,206)	(21,374)
Increase in amounts owed by group companies	(2,924)	(1,839)
Increase/(Decrease) in amounts owed to group companies	5,697	(18,304)
(Decrease)/Increase in trade and other payables	(9,292)	17,249
Cash (used in)/generated from operations	<u>(17,151)</u>	<u>(59,763)</u>

Notes to the financial statements

at 31 December 2018

21. Financial instruments

The entity's financial instruments are listed by category below:

	2018 £000	2017 £000
<i>Financial assets that are debt instruments measured at amortised cost</i>		
Debtors (excluding derivatives, taxes & prepayments)	189,916	162,172
<i>Financial assets that are equity instruments measured at cost less impairment</i>		
Investments	28,618	26,340
<i>Financial liabilities measured at amortised cost</i>		
Bank overdraft	(16,282)	(35,077)
Loan stock	(75,500)	(75,500)
Trade creditors (excluding taxes)	(115,518)	(116,112)

22. Controlling parties

The Company is a wholly-owned subsidiary of Future Electronics Management Services Limited, a company registered in England and Wales. Alonim Investments Inc. is regarded by the directors as being the entity's ultimate parent entity and is incorporated in Canada.

The smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member is Future Electronics Inc. with a registered address of 237 Hymus Blvd., Pointe-Claire, Quebec, H9R 5C7, Canada.

The largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is Alonim Investments Inc. This company is regarded by the directors as being the entity's ultimate parent entity and is incorporated in Canada.

In the opinion of the directors, Mr Robert Miller, who controls 100% of the shares of Future Electronics Inc. through his interest in Alonim Investments Inc., is the Company's controlling party.

23. Related party transactions

During the year, the Company entered into the following related party transactions, in the ordinary course of business.

Sales to related parties

Related party	Country of operation	2018 £000	2017 £000
Future Electronics Deutschland GmbH	Germany	129,889	116,495
Future Electronics Inc. (Distribution) PTE Limited	Singapore	46,147	47,257
Future Electronics (Distribution) Israel Limited	Israel	26,668	30,145
Future Electronics Corporation	USA	14,762	20,605
Future Electronics Austria GmbH	Austria	27,494	20,434
Future Electronics (Schweiz) GmbH	Switzerland	13,484	11,482
Future Electronics Turkey Ltd	Turkey	7,500	7,067
Paris Nord Electronics S.A.	France	5,674	5,880

Notes to the financial statements

at 31 December 2018

23. Related party transactions (continued)

Sales to related parties (continued)

<i>Related party</i>	<i>Country of operation</i>	<i>2018</i> £000	<i>2017</i> £000
Future Electronics A.S.	Norway	3,577	3,400
FE Trading PTY Limited	South Africa	3,100	2,563
Future Electronics Corporation	USA	53	—
		<u>278,348</u>	<u>265,328</u>

Purchases from related parties

<i>Related party</i>	<i>Country of operation</i>	<i>2018</i> £000	<i>2017</i> £000
Future Electronics Inc. (Distribution) PTE Limited	Singapore	37,523	54,635
Future Electronics Corporation	USA	39,125	46,342
		<u>76,648</u>	<u>100,977</u>

Management charges from related parties

<i>Related party</i>	<i>Country of operation</i>	<i>2018</i> £000	<i>2017</i> £000
Future Electronics Management Services Ltd	UK	570	896

Loan interest paid and payable to related parties

<i>Related party</i>	<i>Country of operation</i>	<i>2018</i> £000	<i>2017</i> £000
FE Luxfinco Services SARL	Luxembourg	2,076	999
Future Electronics Corporation	USA	126	252
		<u>2,202</u>	<u>1,251</u>

Sales commission paid and payable to related parties

<i>Related party</i>	<i>Country of operation</i>	<i>2018</i> £000	<i>2017</i> £000
Future Electronics S.r.L	Italy	7,983	7,096
Future Electronics S.A.	France	9,889	9,313
FAI Electronics AB	Sweden	3,032	3,016
Future Electronics Distribution (Spain) S.L.	Spain	3,690	3,303
Future Electronics Polska Sp.Z.o.o.	Poland	2,324	2,389
Future Electronics Oy	Finland	1,869	1,667
Future Electronics A/S	Denmark	1,530	1,602
Future Electronics B.V.	Netherlands	1,449	1,155
Future Electronics Kft.	Hungary	1,191	980
Future Electronics s.r.o	Czech Rep	1,315	1,142

Notes to the financial statements

at 31 December 2018

23. Related party transactions (continued)

Sales commission paid and payable to related parties (continued)

<i>Related party</i>	<i>Country of operation</i>	<i>2018</i>	<i>2017</i>
		<i>£000</i>	<i>£000</i>
Future Electronics (Ireland) Limited	Ireland	667	620
Future Electronics UAB	Lithuania	1,031	846
Future Electronics NV	Belgium	867	676
Future Electronics SRL	Romania	1,074	651
Future Electronics OU	Estonia	531	630
Future Electronics d.o.o.	Slovenia	115	—
Future Russia Repco Holding B.V.	Russia	393	300
		<u>38,950</u>	<u>35,386</u>

Amounts due from related parties

<i>Related party</i>	<i>Country of operation</i>	<i>2018</i>	<i>2017</i>
		<i>£000</i>	<i>£000</i>
Future Electronics Management Services Ltd	UK	8,468	9,034
Future Electronics Deutschland GmbH	Germany	6,158	—
Future Electronics Distribution (Israel) Limited	Israel	1,223	3,015
Future Electronics Inc. (Distribution) PTE Limited	Singapore	1,744	1,523
Future Electronics Austria GmbH	Austria	1,252	1,764
FE Trading PTY Limited	South Africa	682	592
Future Electronics Schweiz GmbH	Switzerland	692	700
Paris Nord Electronics S.A.	France	404	849
Future Electronics A.S.	Norway	386	383
Future Electronics B.V.	Netherlands	39	—
FAI Electronics AB	Sweden	18	—
Future Electronics Portugal Unipessoal LDA	Portugal	4	—
Future Russia Repco Holding B.V.	Russia	—	120
Future Electronics Turkey Ltd	Turkey	—	15
Future Electronics OY	Finland	—	151
		<u>21,070</u>	<u>18,146</u>

Amounts due to related parties

<i>Related party</i>	<i>Country of operation</i>	<i>2018</i>	<i>2017</i>
		<i>£000</i>	<i>£000</i>
Future Electronics Corporation	USA	2,247	1,720
Future Electronics S.r.L	Italy	601	888
F.E. Future Holding B.V.	Netherlands	—	38
Future Electronics Deutschland GmbH	Germany	—	11,685
Future Electronics S.A.	France	1,164	1,471
Future Kitting Limited.	UK	1	—
Future Electronics Inc.	Canada	40,672	6,931

Notes to the financial statements

at 31 December 2018

23. Related party transactions (continued)

Amounts due to related parties (continued)

<i>Related party</i>	<i>Country of operation</i>	<i>2018</i> <i>£000</i>	<i>2017</i> <i>£000</i>
Future Electronics Distribution (Spain) S.L.	Spain	55	437
Future Electronics B.V.	Netherlands	–	232
FE Luxfinco Services Sarl	Luxembourg	75,500	75,500
Future Electronics EDC Services GmbH	Germany	703	14,239
Future Electronics Polska Sp. Z.o.o.	Poland	374	2,789
Future Electronics Oy	Finland	14	–
Future Electronics (Ireland) Limited	Ireland	28	79
Future Electronics A/S	Denmark	43	52
Future Electronics Kft.	Hungary	111	61
Future Electronics UAB	Lithuania	160	183
Future Electronics SRL	Romania	33	116
Future Electronics s.r.o	Czech Rep	71	133
FAI Electronics AB	Sweden	–	75
Future Electronics Rus LLC	Russia	21	–
Future Electronics d.o.o.	Slovenia	36	–
Future Electronics NV	Belgium	61	52
Future Electronics OU	Estonia	101	114
Future Electronics Turkey Ltd	Turkey	496	–
		<u>122,492</u>	<u>116,795</u>

The £75.5m (2017 - £75.5m) loan is owed to FE Luxfinco Services Sarl. It is unsecured and repayable on 31 December 2020. Interest is payable at 2.75% per annum (2017 - 2.75%).

Key management personnel

Certain senior employees who have authority and responsibility for planning, directing, and controlling the activities of the company are considered to be key management personnel. Total remuneration in respect of these individuals is £1.0m (2017 – £1.0m).