

REG OF COMPANIES

REGISTERED NUMBER
2326213 England and Wales

ASTUTE ELECTRONICS LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 2009

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ASTUTE ELECTRONICS LIMITED
REPORT AND ACCOUNTS – 31 DECEMBER 2009

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ASTUTE ELECTRONICS LIMITED

COMPANY INFORMATION – 31 DECEMBER 2009

DIRECTORS	G I Hill I Fantham
SECRETARY	I Fantham
REGISTERED OFFICE	Church House Church Street Ware Hertfordshire SG12 9EN
REGISTERED NUMBER	2326213 England and Wales
AUDITORS	Intega 106 Mill Studio Crane Mead Ware Hertfordshire SG12 9PY
BANKERS	National Westminster Bank PLC 43 High Street Hoddesdon Hertfordshire EN11 8HE

ASTUTE ELECTRONICS LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report with the accounts of the group for the year ended 31 December 2009

PRINCIPAL ACTIVITY

The group's principal activity during the year was the distribution of electronic components

REVIEW OF BUSINESS

A summary of the results for the year is given on page 6

The group has maintained sales levels in 2009 with a turnover of £24 million, this despite very difficult trading conditions. Gross margins improved to 24.9% from 23.3% in 2008 and as a result the group achieved a net profit before tax of £324,460 compared to a loss of £20,358 in 2008.

Astute Electronic Inc's performance improved considerably and the company has recorded profits for the first time. The growth of the US business continues and the directors are confident that this progress will bring substantial rewards in future years.

During the year the group has developed a number of substantial trading opportunities that will increase market share considerably and ultimately yield larger profits. These developments include taking on a premium franchise and a number of total solution agreements with customers.

DIRECTORS

The directors in office in the year were as follows -

G I Hill
I Fantham

DIVIDENDS

The directors do not recommend a dividend in respect of the year.

POST BALANCE SHEET EVENTS

In 2010 the company sold one of its properties for £290,000. No other post balance sheet events have occurred since 31 December 2009 which require reporting or disclosing in the accounts.

DONATIONS

There were no payments for charitable or political purposes during the year.

PRINCIPAL OPERATING RISKS

In common with other businesses in the same sector there are many risks and uncertainties to be considered and addressed. The directors consider that the main risks to the business are the general market risk due to the current prevailing economic climate and the business's reliance on customers that are predominantly in the military sector. The company deals with the market risk by careful credit management and regular reviews of the customer base. The reliance on customers in the military sector is mitigated by advocating a policy of active diversification into other sectors within the electronics industry. The group continues to look at new markets within the UK and abroad.

ASTUTE ELECTRONICS LIMITED

REPORT OF THE DIRECTORS

(continued)

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and accounts in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial year. Under that law, the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts are required by law to 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 accounts, the directors are required to

- * select suitable accounting policies and then apply them consistently,
- * make judgements 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 accounts,
- * prepare the accounts 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 disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors confirm that so far as they are aware, there is no relevant audit information of which the company's auditors are unaware. They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Intega, will be proposed for re-appointment in accordance with Section 485 of the Companies Act 2006.

Signed on behalf of the Board



G I Hill
DIRECTOR

9 September 2010

INTEGA

- Chartered Accountants -

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

ASTUTE ELECTRONICS LIMITED

We have audited the accounts of Astute Electronics Limited for the year ended 31 December 2009 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheet, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Section 495 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud and error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the accounts.

OPINION ON THE ACCOUNTS

In our opinion the accounts

- give a true and fair view of the state of the group and parent company's affairs as at 31 December 2009 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial period for which the accounts are prepared is consistent with the accounts.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

ASTUTE ELECTRONICS LIMITED

(continued)

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches visited by us, or
- the parent company's accounts 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

M J Palmer (Senior Statutory Auditor)
for and on behalf of Intega Limited
Chartered Accountants and Statutory Auditors
106 Mill Studios
Crane Mead
Ware
Hertfordshire
SG12 9PY

9 September 2010

ASTUTE ELECTRONICS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009

	<u>Notes</u>	<u>2009</u>	<u>2008</u>
TURNOVER	2	23,969,490	23,161,742
Cost of sales		(18,012,168)	(17,769,462)
GROSS PROFIT		5,957,322	5,392,280
Administrative expenses		(5,508,269)	(5,225,456)
OPERATING PROFIT	3	449,053	166,824
Interest receivable		302	3,162
PROFIT on ordinary activities before interest payable		449,355	169,986
Interest payable	6	(124,895)	(190,344)
PROFIT (LOSS) on ordinary activities before taxation		324,460	(20,358)
Taxation	7	(135,099)	(53,157)
PROFIT (LOSS) for the financial year after taxation		£189,361	£(73,515)

CONTINUING OPERATIONS

Turnover and operating result derive wholly from continuing operations

The notes on pages 11 to 20 form part of these accounts

ASTUTE ELECTRONICS LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2009

	<u>2009</u>	<u>2008</u>
PROFIT (LOSS) for the financial year	189,361	(73,515)
Exchange movement on consolidation	(34,857)	(98,762)
Unrealised deficit on revaluation of properties	(35,000)	-
	-----	-----
TOTAL RECOGNISED GAINS AND LOSSES related to the financial year	<u>£119,504</u>	<u>£(172,277)</u>

The notes on pages 11 to 20 form part of these accounts

ASTUTE ELECTRONICS LIMITED

CONSOLIDATED BALANCE SHEET – 31 DECEMBER 2009

	<u>Notes</u>	<u>2009</u>	<u>2008</u>
FIXED ASSETS			
Intangible assets	8	2,660	15,222
Tangible assets	9	2,136,154	2,180,486
		<u>2,138,814</u>	<u>2,195,708</u>
CURRENT ASSETS			
Stocks	11	2,553,796	3,217,866
Debtors	12	4,564,498	4,415,384
Cash at bank and in hand		138,098	145,560
		<u>7,256,392</u>	<u>7,778,810</u>
CREDITORS amounts falling due within one year	13	<u>(6,207,771)</u>	<u>(6,840,167)</u>
NET CURRENT ASSETS		<u>1,048,621</u>	<u>938,643</u>
Total assets less current liabilities		<u>3,187,435</u>	<u>3,134,351</u>
CREDITORS amounts falling due after more than one year	14	<u>(719,792)</u>	<u>(786,212)</u>
NET ASSETS		<u>£2,467,643</u>	<u>£2,348,139</u>
CAPITAL AND RESERVES			
Called up share capital	17	6,000	6,000
Revaluation reserve	18	233,558	268,558
Capital redemption reserve	18	4,000	4,000
Profit and loss account	18	2,224,085	2,069,581
SHAREHOLDERS' FUNDS	19	<u>£2,467,643</u>	<u>£2,348,139</u>

Signed on behalf of the
Board of Directors



G I Hill

DIRECTOR



I Fantham

DIRECTOR

Approved by the Board 9 September 2010

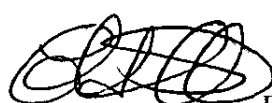
The notes on pages 11 to 20 form part of these accounts

ASTUTE ELECTRONICS LIMITED

COMPANY BALANCE SHEET – 31 DECEMBER 2009

	<u>Notes</u>	<u>2009</u>	<u>2008</u>
FIXED ASSETS			
Intangible assets	8	2,660	15,222
Tangible assets	9	2,112,704	2,147,200
Investments	10	113,542	113,542
		<u>2,228,906</u>	<u>2,275,964</u>
CURRENT ASSETS			
Stocks	11	2,506,189	3,201,052
Debtors	12	4,587,535	4,418,385
Cash at bank and in hand		99,514	136,268
		<u>7,193,238</u>	<u>7,755,705</u>
CREDITORS amounts falling due within one year	13	<u>(6,253,620)</u>	<u>(6,959,587)</u>
NET CURRENT ASSETS		<u>939,618</u>	<u>796,118</u>
Total assets less current liabilities		<u>3,168,524</u>	<u>3,072,082</u>
CREDITORS amounts falling due after more than one year	14	<u>(719,792)</u>	<u>(786,212)</u>
NET ASSETS		<u><u>£2,448,732</u></u>	<u><u>£2,285,870</u></u>
CAPITAL AND RESERVES			
Called up share capital	17	6,000	6,000
Revaluation Reserve	18	233,558	268,558
Capital Redemption Reserve	18	4,000	4,000
Profit and loss account	18	2,205,174	2,007,312
SHAREHOLDERS' FUNDS	19	<u><u>£2,448,732</u></u>	<u><u>£2,285,870</u></u>

Signed on behalf of the
Board of Directors



G I Hill

DIRECTOR



J. Fantham

DIRECTOR

Approved by the Board 9 September 2010

The notes on pages 11 to 20 form part of these accounts

ASTUTE ELECTRONICS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

	<u>Notes</u>	<u>2009</u>	<u>2008</u>
Net cash inflow/(outflow) from operating activities	20	520,824	(859,421)
Returns on investments and servicing of finance	21	(124,593)	(201,999)
Taxation		(52,904)	213,427
Capital expenditure	21	(165,818)	(13,520)
Net cash inflow/(outflow) before financing		177,509	(861,513)
Financing	21	(38,138)	106,695
Increase/(decrease) in cash		<u>£139,371</u>	<u>£(754,818)</u>

Reconciliation of net cash flow to movement in net debt

Increase/(Decrease) in cash in the year		139,371	(754,818)
Decrease/(Increase) in debt and lease financing		38,138	(106,695)
		177,509	(861,513)
Exchange movement on consolidation		(34,857)	(98,762)
Change in net debt	22	142,652	(960,275)
Net (debt) at 1 January 2009		(3,482,051)	(2,521,776)
Net (debt) at 31 December 2009		<u>£(3,339,399)</u>	<u>£(3,482,051)</u>

The notes on pages 11 to 20 form part of these accounts

ASTUTE ELECTRONICS LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 2009

1 ACCOUNTING POLICIES

(a) Accounting Convention

The accounts have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and in accordance with applicable accounting standards

(b) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Astute Electronics Limited and its subsidiary companies, at each balance sheet date. They include the company's share of each subsidiary's result under the equity method. A subsidiary is an entity controlled by Astute Electronics Limited. The parent company has not presented its own profit and loss account as permitted by section 408 of the Companies Act 2006.

(c) Depreciation

No depreciation is provided on the freehold land and building. It is company policy to maintain its buildings to a high standard, and because of this they maintain a residual disposal value, based on prices prevailing at the date of purchase or subsequent value, and at least equal to their book value and accordingly no provision for depreciation is made. Depreciation is provided on other tangible fixed assets at rates calculated to write off the costs, less estimated residual value, of each asset evenly over its expected useful life, as follows -

Equipment	-	20% on cost
Motor Vehicles	-	25% on the reducing balance
Leasehold premises	-	10% on cost

(d) Investments

The investments in subsidiary companies are shown at cost

(e) Amortisation

Amortisation is provided on purchased goodwill over 3 years on a straight line basis

(f) Stocks

Stock is valued at the lower of the cost and net realisable value, using the FIFO method

(g) Foreign Currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to profit and loss account

(h) Leasing and Hire Purchase Commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability

(i) Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme

ASTUTE ELECTRONICS LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 2009

2 TURNOVER

Turnover represents the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts. Turnover and operating profit are attributable to the one continuing activity, although no geographical analysis is given as the directors consider that this would be prejudicial to the business.

3 OPERATING PROFIT	<u>2009</u>	<u>2008</u>
	£	£
This is stated after charging		
Depreciation of owned fixed assets	123,041	116,832
Depreciation of fixed assets held under finance leases and hire purchase contracts	48,079	49,747
Loss/(Profit) on disposal of fixed assets	4,030	(2,749)
Amortisation of purchased goodwill	12,562	19,403
Operating lease rentals – land and buildings	122,164	120,150
Auditor's remuneration	6,940	6,790
Foreign exchange differences	(166,589)	173,753
	=====	=====

4 DIRECTORS EMOLUMENTS	<u>2009</u>	<u>2008</u>
Emoluments	257,128	288,728
Company contributions to money purchase pension schemes	23,967	27,901
	-----	-----
	£281,095	£316,629
	=====	=====
Highest paid director		
Emoluments	137,489	172,989
Company contributions to money purchase pension schemes	9,646	14,369
	-----	-----
	£147,135	£187,358
	=====	=====
Number of directors in company pension schemes		
Money purchase schemes	2	2
	=====	=====

5 STAFF COSTS	<u>2009</u>	<u>2008</u>
Wages and salaries	2,758,759	2,901,828
Social security costs	311,929	327,803
Other pension costs	36,550	40,484
	-----	-----
	£3,107,238	£3,270,115
	=====	=====
Average number of employees during the year		
Office and management	41	35
Production and sales	48	48
	-----	-----
	89	83
	=====	=====

ASTUTE ELECTRONICS LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 2009

6	INTEREST PAYABLE	<u>2009</u>	<u>2008</u>
	Bank loans and overdrafts	111,796	175,527
	Finance charges payable under finance leases and hire purchase contracts	13,099	14,817
		<u>£124,895</u>	<u>£190,344</u>
7	TAXATION	<u>2009</u>	<u>2008</u>
	The tax charge on the adjusted result for the year was as follows		
	Corporation tax @ 28% (2008 – 26%)	<u>£135,099</u>	<u>£53,157</u>
	Factors affecting the tax charge for the period		
	The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows		
		<u>2009</u>	<u>2008</u>
	Profit (Loss) on ordinary activities before tax	<u>£324,460</u>	<u>£(20,358)</u>
	Standard rate of corporation tax in the UK	27.9%	25.7%
	Profit on ordinary activities multiplied by the standard rate of corporation tax	93,041	1,263
	Effects of		
	Income and expenses not included for tax purposes	42,058	51,179
	Current tax charge for period	<u>£135,099</u>	<u>£53,157</u>

ASTUTE ELECTRONICS LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 2009

8 INTANGIBLE FIXED ASSETS

	<u>Goodwill</u>	<u>Total</u>
Group and company		
Cost		
1 January 2009	58,207	58,207
Additions	0	0
Disposals	0	0
	-----	-----
31 December 2009	58,207	58,207
	-----	-----
Amortisation		
1 January 2009	42,985	42,985
Charge for period	12,562	12,562
Disposals	0	0
	-----	-----
31 December 2009	55,547	55,547
	-----	-----
Net Book Value		
31 December 2009	£2,660	£2,660
	=====	=====
31 December 2008	£15,222	£15,222
	=====	=====

9 TANGIBLE FIXED ASSETS

	<u>Land & Buildings</u>	<u>Motor Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Group				
Cost				
1 January 2009	1,833,709	344,323	581,922	2,759,954
Additions	-	43,076	124,742	167,818
Revaluation	(35,000)	-	-	(35,000)
Disposals	-	(33,882)	-	(33,882)
	-----	-----	-----	-----
31 December 2009	£1,798,709	353,517	706,664	2,858,890
	-----	-----	-----	-----
Depreciation				
1 January 2009	4,355	179,525	395,588	579,468
Charge for year	870	50,461	119,789	171,120
On disposals	-	(27,852)	-	(27,852)
	-----	-----	-----	-----
31 December 2009	£5,225	202,134	515,377	722,736
	-----	-----	-----	-----
Net book value				
31 December 2009	£1,793,484	£151,383	£191,287	£2,136,154
	=====	=====	=====	=====
31 December 2008	£1,829,354	£164,798	£186,334	£2,180,486
	=====	=====	=====	=====

ASTUTE ELECTRONICS LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 2009

9	TANGIBLE FIXED ASSETS (contd)	<u>Land & Buildings</u>	<u>Motor Vehicles</u>	<u>Equipment</u>	<u>Total</u>
	Company				
	Cost				
	1 January 2009	1,833,709	344,323	539,234	2,717,266
	Additions	-	43,076	123,919	166,995
	Revaluation	(35,000)	-	-	(35,000)
	Disposals	-	(33,882)	-	(33,882)
	31 December 2009	£1,798,709	353,517	663,153	2,815,379
	Depreciation				
	1 January 2009	4,355	179,525	386,186	570,066
	Charge for year	870	50,461	109,130	160,461
	On disposals	-	(27,852)	-	(27,852)
	31 December 2009	£5,225	202,134	495,316	702,675
	Net book value				
	31 December 2009	£1,793,484	£151,383	£167,837	£2,112,704
	31 December 2008	£1,829,354	£164,798	£153,048	£2,147,200

One of the freehold properties was revalued at £1,500,000 on 27th April 2004 by Freeth Melhuish, an independent firm of chartered surveyors, on an open market existing use basis. The second freehold property is revalued at £290,000 having been sold for this amount after the year end. The remaining land and buildings are short leasehold.

	<u>2009</u>	<u>2008</u>
Freehold land and buildings -historical cost	£1,556,442	£1,556,442
	<u>2009</u>	<u>2008</u>
Net book value of motor vehicles included above held under finance leases and hire purchase contracts	£144,238	£149,240

10	INVESTMENTS	<u>2009</u>	<u>2008</u>
	Company		
	Cost		
	1 January 2009	113,542	113,542
	31 December 2009	£113,542	£113,542

The company holds 100% of the share capital of Astute Electronics Trading (Shanghai) Limited an unlisted company incorporated in China. The company holds 100% of the share capital of Astute Electronics Inc, an unlisted company incorporated in USA.

ASTUTE ELECTRONICS LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 2009

11	STOCKS	<u>Group</u> <u>2009</u>	<u>Group</u> <u>2008</u>	<u>Company</u> <u>2009</u>	<u>Company</u> <u>2008</u>
	Finished goods and goods for resale	<u>£2,553,796</u>	<u>£3,217,866</u>	<u>£2,506,189</u>	<u>£3,201,052</u>
	The difference between purchase price or production cost of stocks and their replacement cost is not material				
12	DEBTORS	<u>Group</u> <u>2009</u>	<u>Group</u> <u>2008</u>	<u>Company</u> <u>2009</u>	<u>Company</u> <u>2008</u>
	Trade debtors	4,422,107	4,302,042	4,233,456	4,139,638
	Amounts owed by group undertakings	-	-	226,169	182,365
	Other debtors	9,888	16,192	3,667	661
	Prepayments	132,503	97,150	124,243	95,721
		<u>£4,564,498</u>	<u>£4,415,384</u>	<u>£4,587,535</u>	<u>£4,418,385</u>
13	CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>Group</u> <u>2009</u>	<u>Group</u> <u>2008</u>	<u>Company</u> <u>2009</u>	<u>Company</u> <u>2008</u>
	Bank loans and overdrafts	2,705,890	2,784,172	2,705,890	2,784,172
	Obligations under finance lease and hire purchase contracts	51,815	57,227	51,815	57,227
	Trade creditors	2,591,590	3,210,764	2,675,975	3,334,634
	Corporation tax	135,352	53,157	135,352	53,157
	Other taxes and social security	93,220	257,931	92,047	255,503
	Other creditors	629,904	476,916	592,541	474,894
		<u>£6,207,771</u>	<u>£6,840,167</u>	<u>£6,253,620</u>	<u>£6,959,587</u>
14	CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR	<u>Group</u> <u>2009</u>	<u>Group</u> <u>2008</u>	<u>Company</u> <u>2009</u>	<u>Company</u> <u>2008</u>
	Bank loans	609,846	663,835	609,846	663,835
	Obligations under finance lease and hire purchase contracts	109,946	122,377	109,946	122,377
		<u>£719,792</u>	<u>£786,212</u>	<u>£719,792</u>	<u>£786,212</u>

ASTUTE ELECTRONICS LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 2009

15	LOANS AND OVERDRAFTS	<u>Group</u> <u>2009</u>	<u>Group</u> <u>2008</u>	<u>Company</u> <u>2009</u>	<u>Company</u> <u>2008</u>
	Analysis by maturity of debt				
	Within one year or on demand				
	Bank overdrafts	2,573,258	2,685,234	2,573,258	2,685,234
	Bank loans	132,632	98,938	132,632	98,938
		-----	-----	-----	-----
		2,705,890	2,784,172	2,705,890	2,784,172
	Bank loans between one and two years	130,498	91,737	130,498	91,737
	Bank loans between two and five years	321,390	277,865	321,390	277,865
	Bank loans after five years repayable by instalments	157,958	294,233	157,958	294,233
		-----	-----	-----	-----
		£3,315,736	£3,448,007	£3,315,736	£3,448,007
		=====	=====	=====	=====

The bank loans are secured by a fixed and floating charge over the assets of the company. The bank loans, in certain circumstances, may be repayable on demand.

16	OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS	<u>Group</u> <u>2009</u>	<u>Group</u> <u>2008</u>	<u>Company</u> <u>2009</u>	<u>Company</u> <u>2008</u>
	Analysis by maturity of debt				
	Amounts payable				
	Within one year	63,916	69,641	63,916	69,641
	Within one and five years	123,370	139,911	123,370	139,911
		-----	-----	-----	-----
		187,286	209,552	187,286	209,552
	Less charges allocated to future periods	25,525	29,948	25,525	29,948
		-----	-----	-----	-----
		£161,761	£179,604	£161,761	£179,604
		=====	=====	=====	=====

Finance leases and hire purchase contracts are analysed as follows

	Within one year	51,815	57,227	51,815	57,227
	Within one and five years	109,946	122,377	109,946	122,377
		-----	-----	-----	-----
		£161,761	£179,604	£161,761	£179,604
		=====	=====	=====	=====

The finance leases and hire purchase contracts are secured on the assets concerned

17	CALLED UP SHARE CAPITAL	<u>2009</u>	<u>2008</u>
	Allotted, called up and fully paid 6,000 ordinary shares of £1 each	£6,000	£6,000
		=====	=====

ASTUTE ELECTRONICS LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 2009

18	RESERVES	<u>Profit & Loss</u>	<u>Revaluation</u>	<u>Capital</u>	<u>Total</u>
		<u>Account</u>	<u>Reserve</u>	<u>Redemption</u>	
	Group			<u>Reserve</u>	
	1 January 2009	2,069,581	268,558	4,000	2,342,139
	Movement in year	189,361	(35,000)	-	154,361
	Exchange movement on consolidation	(34,857)	-	-	(34,857)
	31 December 2009	<u>£2,224,085</u>	<u>£233,558</u>	<u>£4,000</u>	<u>£2,461,643</u>
		<u>Profit & Loss</u>	<u>Revaluation</u>	<u>Capital</u>	<u>Total</u>
		<u>Account</u>	<u>Reserve</u>	<u>Redemption</u>	
	Company			<u>Reserve</u>	
	1 January 2009	2,007,312	268,558	4,000	2,279,870
	Movement in year	197,862	(35,000)	-	162,862
	31 December 2009	<u>£2,205,174</u>	<u>£233,558</u>	<u>£4,000</u>	<u>£2,442,732</u>
19	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	<u>Group</u>	<u>Group</u>	<u>Company</u>	<u>Company</u>
		<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	1 January 2009	2,348,139	2,520,416	2,285,870	2,331,419
	Profit (loss) for year after taxation	189,361	(73,515)	162,862	(45,549)
	Revaluation of land and buildings	(35,000)	-	-	-
	Exchange movement on consolidation	(34,857)	(98,762)	-	-
	31 December 2009	<u>£2,467,643</u>	<u>£2,348,139</u>	<u>£2,448,732</u>	<u>£2,285,870</u>
20	RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS		<u>2009</u>		<u>2008</u>
	Operating profit		449,053		166,824
	Depreciation charge		171,120		166,579
	Amortisation of goodwill		12,562		19,403
	Loss/(profit) on disposal of fixed assets		4,030		(2,749)
	Decrease/(Increase) in stocks		664,070		(1,009,342)
	(Increase)/Decrease in debtors		(149,114)		384,584
	(Decrease)/Increase in creditors		(630,897)		(584,720)
	Net cash inflow (outflow) to operating activities		<u>£520,824</u>		<u>£(859,421)</u>

ASTUTE ELECTRONICS LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 2009

21	GROSS CASH FLOWS	<u>2009</u>	<u>2008</u>	
	Returns on investments and servicing of finance			
	Interest received	302	3,162	
	Interest paid	(111,796)	(190,344)	
	Interest element of hire purchase	(13,099)	(14,817)	
		-----	-----	
	Net cash (outflow) to investments and service of finance	£(124,593)	£(201,999)	
		=====	=====	
	Capital expenditure			
	Purchase of intangible fixed assets	-	(7,980)	
	Purchase of tangible fixed assets	(167,818)	(33,490)	
	Sale of tangible fixed assets	2,000	27,950	
		-----	-----	
	Net cash (outflow) to capital expenditure	£(165,818)	£(13,520)	
		=====	=====	
	Financing			
	Loan repayments	(20,296)	(69,323)	
	Capital element of hire purchase	(17,843)	(37,372)	
		-----	-----	
	Net cash (outflow) to financing	£(38,139)	£(106,695)	
		=====	=====	
22	ANALYSIS OF CHANGES IN NET DEBT			
		<u>01/01/2009</u>	<u>Cash flow</u>	<u>31/12/2009</u>
	Cash at bank and in hand	145,560	(7,462)	138,098
	Overdrafts	(2,685,234)	111,976	(2,573,258)
		-----	-----	-----
		(2,539,674)	104,514	(2,435,160)
		-----	-----	-----
	Debt due within 1 year	(98,938)	(33,694)	(132,632)
	Debt due after 1 year	(663,835)	53,989	(609,846)
	Hire purchase	(179,604)	17,843	(161,761)
		-----	-----	-----
		(942,377)	38,138	(904,239)
		-----	-----	-----
	Net debt	£(3,482,051)	142,652	(3,339,399)

ASTUTE ELECTRONICS LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 2009

23 COMMITMENTS

(a) Pension commitments

The company operates a defined contribution pension scheme for its directors and employees. The assets of the scheme are held separately from those of the company in an independently administered fund. At the balance sheet date, unpaid contributions of £2,621 (2008 - £2,677) were due to the fund. They are included in other creditors.

(b) Other commitments

At 31 December 2009 the group had annual commitments under non-cancellable operating leases as set out below:

	<u>Land and buildings 2009</u>	<u>Land and buildings 2008</u>	<u>Other 2009</u>	<u>Other 2008</u>
Operating leases which expire				
Between one and five years	£277,000	£120,150	£7,658	£-
	=====	=====	=====	=====

24 TRANSACTIONS WITH DIRECTORS

During the year the company received services to the value of £320,000 (2008 - £192,500) from Prime Electronics (Cheshunt) Limited, a company in which Mr G. Hill has a material interest.

All transactions were carried out on a normal commercial basis.

At 31st December 2009 £226,831 (2008 - £165,515) was owed to Prime Electronics (Cheshunt) Limited.

25 CONTROLLING PARTY

The company's controlling party is Mr G. Hill by virtue of his ownership of 85% (2008 – 85%) of the issued share capital in the company.