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Registration number: 02326213

Astute Electronics Limited

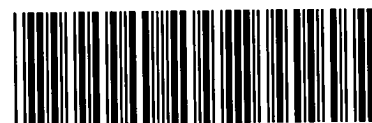
Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2019

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Wilton Lyndon Limited
Chartered Certified Accountants
5 Ducketts Wharf
South Street
Bishop's Stortford
Hertfordshire
CM23 3AR

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Astute Electronics Limited

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Astute Electronics Limited

Company Information

Directors	G I Hill I Fantham
Company secretary	I Fantham
Registered office	Astute House Rutherford Close Meadway Technology Park Stevenage Hertfordshire SG1 2EF
Auditors	Wilton Lyndon Limited Chartered Certified Accountants 5 Ducketts Wharf South Street Bishop's Stortford Hertfordshire CM23 3AR

Astute Electronics Limited

Strategic Report for the Year Ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

Principal activity

The principal activity of the company is the global sourcing, procurement and distribution of electronic components.

Review of the business

The company and group are reporting results for the year to 31 December 2019.

Turnover in the year was £76,681,393 and Profit before tax was £1,814,170.

This was a strong performance with revenue, margins and profit significantly ahead of the prior year.

The largest market is Defence and Aerospace and Astute continued to consolidate its position as one of the leading independent electronic distribution companies in the UK by focusing on the provision of value-add services, growing and developing a range of premium franchises and creating third party logistics solutions for Blue Chip customers.

During 2019, the business has started to realise the benefits from the new ERP system implemented during the previous year. High quality management information has improved the understanding of performance and profitability and led to a greater focus on margins and reducing inventory levels. This has resulted in a significant increase in profitability and cash flow.

Since year end, the COVID-19 pandemic has spread rapidly around the globe and had an impact on national economies, markets, business and individuals. Throughout the lockdown restrictions, Astute has continued to operate safely and successfully from all its global offices in the UK, USA, China, India, Australia, Germany, Israel and Turkey. Astute has also played a leading role in the supply chain for several national ventilator programs including the United Kingdom.

Trading in the first four months of 2020 has continued to be strong.

Key Risks and Uncertainties

In common with other companies operating in the same business 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 economic conditions currently prevailing and the business's reliance on customers that are predominantly in the Defence and Aerospace sectors. The company deals with the market risk by careful credit management and regular reviews of the customer base. The potential over reliance on customers in the Defence and Aerospace sectors is addressed by the company pursuing a strategy of active diversification into other business sectors within the electronics industry where safety and quality is critical.

COVID-19 is a new risk and is likely to continue to create uncertainty and volatility in global markets over the next few months. One potential impact is disruption of supply chains leading to global inventory shortages. This is a market risk that Astute is well placed to take advantage of through its global sourcing networks. COVID-19 may also lead to reduced demand in some markets such as aviation. However, Astute has minimal exposure to sectors most impacted by COVID-19 and its key Defence and Aerospace markets remain strong and are underpinned by several long-term customer programs. Astute's active diversification strategy will also help mitigate any risks in specific markets.

Brexit will continue to create uncertainty until a trade deal is agreed. The key risks that could materialise for Astute are currency volatility, supply chain delays and new tariffs. These are being closely monitored to ensure appropriate mitigation strategies are put in place.

Astute Electronics Limited

Strategic Report for the Year Ended 31 December 2019

Approved by the Board on 5 June 2020 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'G I Hill', written over a dotted line.

G I Hill
Director

Astute Electronics Limited

Directors' Report for the Year Ended 31 December 2019

The directors present their report and the for the year ended 31 December 2019.

Directors of the group

The directors who held office during the year were as follows:

G I Hill

I Fantham - Company secretary and director

Financial Instruments

The group's principal financial instruments comprise cash and interest-bearing borrowings. The main purpose of the group's financial instruments is to fund operations. The group also has other financial instruments such as trade receivables and payables. The main risks arising from the use of financial instruments are interest rate risk, foreign exchange risk and cash flow risk.

Interest Rate Risk

The group's exposure to the risk of change in UK base rate relates to Astute Limited short term Invoice Finance and Asset Based Lending facilities and long term commercial mortgage. The exposure to interest rate movements is monitored and reviewed on a regular basis to ensure there is sufficient cash available to meet all debt servicing obligations as they fall due.

Foreign Exchange Risk

The group's objective is to minimise the effects of adverse exchange rate fluctuations by adopting a policy of selective hedging when there is a risk of significant loss. All hedging transactions are authorised by the Managing Director.

Cash Flow Risk

The cash flow risk is that the available cash will not be sufficient to meet the group's financial obligations. To mitigate this risk, management prepare regular cash flow forecasts for the forthcoming twelve months. The forecasts are submitted to and reviewed with the group's bankers to ensure appropriate working capital facilities and funding is in place.


Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Wilton Lyndon Limited as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 5 June 2020 and signed on its behalf by:



G I Hill

Director

Astute Electronics Limited

Statement of Directors' Responsibilities

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

- select suitable accounting policies and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

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

Astute Electronics Limited

Independent Auditor's Report to the Members of Astute Electronics Limited

Opinion

We have audited the financial statements of Astute Electronics Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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.

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 2019 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 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 group's or the parent 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

Astute Electronics Limited

Independent Auditor's Report to the Members of Astute Electronics Limited

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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter 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 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 our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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 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 Statement of Directors' Responsibilities [set out on page 5], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Astute Electronics Limited

Independent Auditor's Report to the Members of Astute Electronics Limited

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Mark Williams (Senior Statutory Auditor)
For and on behalf of Wilton Lyndon Limited, Statutory Auditor

5 Ducketts Wharf
South Street
Bishop's Stortford
Hertfordshire
CM23 3AR

Date: 5 June 2020

Astute Electronics Limited

Consolidated Profit and Loss Account for the Year Ended 31 December 2019

	Note	year ending 31 December 2019 £	6 months ending 31 December 2018 £
Turnover	3	76,681,393	41,297,609
Cost of sales		<u>(60,169,100)</u>	<u>(32,812,631)</u>
Gross profit		16,512,293	8,484,978
Administrative expenses		(14,760,055)	(8,186,333)
Other operating income	4	<u>733,742</u>	<u>361,713</u>
Operating profit	5	<u>2,485,980</u>	<u>660,358</u>
Other interest receivable and similar income		343	312
Interest payable and similar expenses	6	<u>(672,153)</u>	<u>(310,982)</u>
		<u>(671,810)</u>	<u>(310,670)</u>
Profit before tax		1,814,170	349,688
Taxation	10	<u>(146,548)</u>	<u>(123,139)</u>
Profit for the financial year		<u>1,667,622</u>	<u>226,549</u>
Profit/(loss) attributable to:			
Owners of the company and Non-Controlling Interest		<u>1,667,622</u>	<u>226,549</u>
Profit /(loss) is attributable as: Owners of the company profit of £1,698,518 (2018 - £244,303); Non-Controlling Interest (loss) of (£30,896) (2018 – (£17,754)).			

The notes on pages 16 to 37 form an integral part of these financial statements.

Astute Electronics Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2019

	year ending 31 December 2019 £	6 months ending 31 December 2018 £
Profit for the year	1,667,622	226,549
Exchange difference on consolidation	<u>(10,463)</u>	<u>180,503</u>
Total comprehensive income for the year	<u>1,657,159</u>	<u>407,052</u>
Total comprehensive income attributable to:		
Owners of the company and Non-Controlling Interest	<u>1,657,159</u>	<u>407,052</u>
Total comprehensive income is attributable as: Owners of the company £1,687,880 (2018 = £424,806); Non-Controlling Interest (loss) of (£30,721) (2018 – (£17,754)).		

The notes on pages 16 to 37 form an integral part of these financial statements.

Astute Electronics Limited

(Registration number: 02326213)

Consolidated Balance Sheet as at 31 December 2019

	Note	31 December 2019 £	31 December 2018 £
Fixed assets			
Tangible assets	11	6,174,724	6,159,634
Current assets			
Stocks	13	6,760,003	10,568,913
Debtors	14	18,455,563	25,669,735
Cash at bank and in hand	15	155,100	229,103
		<u>25,370,666</u>	<u>36,467,751</u>
Creditors: Amounts falling due within one year	16	<u>(20,480,760)</u>	<u>(33,118,808)</u>
Net current assets		<u>4,889,906</u>	<u>3,348,943</u>
Total assets less current liabilities		<u>11,064,630</u>	<u>9,508,577</u>
Creditors: Amounts falling due after more than one year	16	<u>(2,814,277)</u>	<u>(2,916,283)</u>
Net assets		<u>8,250,353</u>	<u>6,592,294</u>
Capital and reserves			
Called up share capital	18	6,900	6,000
Capital redemption reserve	19	4,000	4,000
Profit and loss account	19	<u>8,239,453</u>	<u>6,582,294</u>
Equity attributable to owners of the company and Non-Controlling Interest		<u>8,250,353</u>	<u>6,592,294</u>
Total equity		<u>8,250,353</u>	<u>6,592,294</u>

Equity is attributable as: Owners of the company £8,262,986 (2018 = £6,574,031); Non-Controlling Interest (deficit) of (£12,633) (2018 – surplus of £18,263).

Approved and authorised by the Board on 5 June 2020 and signed on its behalf by:



G I Hill
Director

The notes on pages 16 to 37 form an integral part of these financial statements.

Astute Electronics Limited


(Registration number: 02326213)
Balance Sheet as at 31 December 2019

	Note	31 December 2019 £	31 December 2018 £
Fixed assets			
Tangible assets	11	6,122,004	6,109,008
Investments	12	113,542	203,299
		<u>6,235,546</u>	<u>6,312,307</u>
Current assets			
Stocks	13	5,887,549	8,576,534
Debtors	14	18,993,386	24,840,746
Cash at bank and in hand		155,045	222,053
		<u>25,035,980</u>	<u>33,639,333</u>
Creditors: Amounts falling due within one year	16	<u>(20,046,932)</u>	<u>(30,391,017)</u>
Net current assets		<u>4,989,048</u>	<u>3,248,316</u>
Total assets less current liabilities		11,224,594	9,560,623
Creditors: Amounts falling due after more than one year	16	<u>(2,814,277)</u>	<u>(2,916,282)</u>
Net assets		<u>8,410,317</u>	<u>6,644,341</u>
Capital and reserves			
Called up share capital		6,900	6,000
Capital redemption reserve		4,000	4,000
Profit and loss account		<u>8,399,417</u>	<u>6,634,341</u>
Total equity		<u>8,410,317</u>	<u>6,644,341</u>

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements.

The company made a profit after tax for the financial year of £1,765,076 (6 months to December 2018 - profit of £342,988).

Approved and authorised by the Board on 5 June 2020 and signed on its behalf by:



G I Hill
Director

Astute Electronics Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2019	6,000	4,000	6,582,294	6,592,294
Profit for the year	-	-	1,667,622	1,667,622
Other comprehensive income	-	-	(10,463)	(10,463)
Total comprehensive income	-	-	1,657,159	1,657,159
New share capital subscribed	900	-	-	900
At 31 December 2019	6,900	4,000	8,239,453	8,250,353
	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 July 2018	6,000	4,000	6,175,242	6,185,242
Profit for the year	-	-	226,549	226,549
Other comprehensive income	-	-	180,503	180,503
Total comprehensive income	-	-	407,052	407,052
At 31 December 2018	6,000	4,000	6,582,294	6,592,294

The notes on pages 16 to 37 form an integral part of these financial statements.

Astute Electronics Limited

Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2019	6,000	4,000	6,634,341	6,644,341
Profit for the year	-	-	1,765,076	1,765,076
Total comprehensive income	-	-	1,765,076	1,765,076
New share capital subscribed	900	-	-	900
At 31 December 2019	6,900	4,000	8,399,417	8,410,317

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 July 2018	6,000	4,000	6,291,353	6,301,353
Profit for the year	-	-	342,988	342,988
Total comprehensive income	-	-	342,988	342,988
At 31 December 2018	6,000	4,000	6,634,341	6,644,341

The notes on pages 16 to 37 form an integral part of these financial statements.

Astute Electronics Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2019

	Note	31 December 2019 £	31 December 2018 £
Cash flows from operating activities			
Profit for the year		1,657,159	407,052
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	544,989	241,298
Revaluation of fixed assets on consolidation		54	(390)
Finance income		(343)	(312)
Finance costs	6	672,153	310,982
Income tax expense	10	146,548	123,139
		3,020,560	1,081,769
Working capital adjustments			
Decrease/(increase) in stocks	13	3,808,910	(2,218,407)
Decrease/(increase) in trade debtors	14	7,215,072	(3,960,960)
(Decrease)/increase in trade creditors	16	(7,699,513)	3,560,784
Cash generated from operations		6,345,029	(1,536,814)
Income taxes received/(paid)	10	154,478	(205,365)
Net cash flow from operating activities		6,499,507	(1,742,179)
Cash flows from investing activities			
Interest received		343	312
Acquisitions of tangible assets		(560,133)	(415,669)
Net cash flows from investing activities		(559,790)	(415,357)
Cash flows from financing activities			
Interest paid	6	(672,153)	(310,982)
Proceeds from bank borrowing draw downs		1,832,362	1,023,964
Repayment of bank borrowing		(2,167,432)	(43,416)
Payments to finance lease creditors		(283,772)	(182,199)
Net cash flows from financing activities		(1,290,995)	487,367
Net increase/(decrease) in cash and cash equivalents		4,648,722	(1,670,169)
Cash and cash equivalents at 1 January		(14,707,273)	(13,037,104)
Cash and cash equivalents at 31 December	15	(10,058,551)	(14,707,273)

The notes on pages 16 to 37 form an integral part of these financial statements.

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1 General information

The company is a private company limited by share capital incorporated in England.

The address of its registered office is:

Astute House Rutherford Close

Meadway Technology Park

Stevenage

Hertfordshire

SG1 2EF

England

Authorised for issue date

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2019.

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

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Going concern

The financial statements have been prepared on a going concern basis. The directors consider a period of at least twelve months when assessing going concern.

Judgements

The directors consider that there are no significant areas that require specific judgements to be disclosed.

Key sources of estimation uncertainty

There are no key sources of estimation uncertainty.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The group recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the group's activities.

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Foreign currency transactions and balances

The functional currency is UK sterling. 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 the profit and loss account. Transactions of overseas subsidiaries in foreign currencies are translated into sterling at an average rate for the year. Assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences arising from the retranslation of balances brought forward are adjusted to profit and loss accounts reserves.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that: the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and buildings	2% on cost of buildings
Plant and machinery	10% on cost
Office equipment	20% on cost

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made but may be written off in full in year of purchase if deemed appropriate.

Amortisation

Asset class	Amortisation method and rate
Goodwill	Written off in year of purchase if deemed appropriate

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Inventories

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Classification

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable.

Recognition and measurement

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured initially and subsequently at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, such as the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an outright short term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Impairment

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

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

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

3 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	31 December 2019	31 December 2018
	£	£
Sale of goods	<u>76,681,393</u>	<u>41,297,609</u>

The directors consider that geographical analysis of turnover would be prejudicial to the business and therefore is not included in these financial statements.

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	31 December 2019	31 December 2018
	£	£
Foreign exchange (losses) gains	<u>733,742</u>	<u>361,713</u>

5 Operating profit

Arrived at after charging/(crediting)

	31 December 2019	31 December 2018
	£	£
Depreciation expense	544,989	241,298
Operating lease expense - property	186,932	82,862
Operating lease expense - plant and machinery	404,375	305,993
Operating lease expense - other	<u>52,504</u>	<u>16,481</u>

6 Interest payable and similar expenses

	31 December 2019	31 December 2018
	£	£
Interest on bank overdrafts and borrowings	643,767	293,445
Interest on obligations under finance leases and hire purchase contracts	<u>28,386</u>	<u>17,537</u>
	<u>672,153</u>	<u>310,982</u>

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	31 December 2019	31 December 2018
	£	£
Wages and salaries	8,471,910	4,176,029
Social security costs	806,133	477,553
Pension costs, defined contribution scheme	170,147	74,204
	<u>9,448,190</u>	<u>4,727,786</u>

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	31 December 2019	31 December 2018
	No.	No.
Administration and support	84	85
Sales	95	76
	<u>179</u>	<u>161</u>

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	31 December 2019 £	31 December 2018 £
Remuneration	396,478	210,993
Contributions paid to money purchase schemes	50,164	25,933
	<u>446,642</u>	<u>236,926</u>

In respect of the highest paid director:

	31 December 2019 £	31 December 2018 £
Remuneration	210,771	114,804
Company contributions to money purchase pension schemes	16,236	8,118

9 Auditors' remuneration

	31 December 2019 £	31 December 2018 £
Audit of these financial statements	<u>25,000</u>	<u>10,000</u>
Other fees to auditors		
All other non-audit services	<u>10,000</u>	<u>10,000</u>

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

10 Taxation

Tax charged/(credited) in the income statement

	31 December 2019 £	31 December 2018 £
Current taxation		
UK corporation tax	369,639	123,139
UK corporation tax adjustment to prior periods	(223,091)	-
	<u>146,548</u>	<u>123,139</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	31 December 2019 £	31 December 2018 £
Profit before tax	<u>1,814,170</u>	<u>349,688</u>
Corporation tax at standard rate	344,692	66,441
Effect of expense not deductible in determining taxable profit	73,156	35,725
Decrease from effect of tax incentives	(223,091)	-
Tax decrease from effect of capital allowances and depreciation	(66,741)	(10,335)
Tax increase arising from overseas tax suffered	<u>18,532</u>	<u>31,308</u>
Total tax charge	<u>146,548</u>	<u>123,139</u>

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

11 Tangible assets

Group

	Land and buildings £	Office equipment £	Plant and machinery £	Total £
Cost or valuation				
At 1 January 2019	3,487,439	1,293,604	2,224,239	7,005,282
Revaluation on consolidation	-	(98)	-	(98)
Additions	-	126,997	433,136	560,133
Disposals	-	(14,170)	-	(14,170)
At 31 December 2019	<u>3,487,439</u>	<u>1,406,333</u>	<u>2,657,375</u>	<u>7,551,147</u>
Depreciation				
At 1 January 2019	126,590	443,771	275,287	845,648
Revaluation on consolidation	-	(44)	-	(44)
Charge for the period	46,032	255,638	243,319	544,989
Eliminated on disposal	-	(14,170)	-	(14,170)
At 31 December 2019	<u>172,622</u>	<u>685,195</u>	<u>518,606</u>	<u>1,376,423</u>
Carrying amount				
At 31 December 2019	<u>3,314,817</u>	<u>721,138</u>	<u>2,138,769</u>	<u>6,174,724</u>
At 31 December 2018	<u>3,360,849</u>	<u>849,833</u>	<u>1,948,952</u>	<u>6,159,634</u>

Included within the net book value of land and buildings above is £3,314,817 (2018 - £3,360,849) in respect of freehold land and buildings.

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	31 December 2019 £	31 December 2018 £
Plant and machinery	455,066	517,875
Office equipment	159,559	240,443
	<u>614,625</u>	<u>758,318</u>

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Company

	Land and buildings £	Office equipment £	Plant and machinery £	Total £
Cost or valuation				
At 1 January 2019	3,487,439	1,195,864	2,224,239	6,907,542
Additions	-	110,639	433,136	543,775
Disposals	-	(14,170)	-	(14,170)
At 31 December 2019	<u>3,487,439</u>	<u>1,292,333</u>	<u>2,657,375</u>	<u>7,437,147</u>
Depreciation				
At 1 January 2019	126,590	396,657	275,287	798,534
Charge for the period	46,032	241,428	243,319	530,779
Eliminated on disposal	-	(14,170)	-	(14,170)
At 31 December 2019	<u>172,622</u>	<u>623,915</u>	<u>518,606</u>	<u>1,315,143</u>
Carrying amount				
At 31 December 2019	<u>3,314,817</u>	<u>668,418</u>	<u>2,138,769</u>	<u>6,122,004</u>
At 31 December 2018	<u>3,360,849</u>	<u>799,207</u>	<u>1,948,952</u>	<u>6,109,008</u>

Included within the net book value of land and buildings above is £3,314,817 (2018 - £3,360,849) in respect of freehold land and buildings.

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	31 December 2019 £	31 December 2018 £
Plant and machinery	455,066	517,875
Office equipment	159,559	240,443
	<u>614,625</u>	<u>758,318</u>

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

12 Investments

Company

	31 December 2019	31 December 2018
	£	£
Investments in subsidiaries	<u>113,542</u>	<u>203,299</u>
Subsidiaries		£
Cost or valuation		
At 1 January 2019		203,299
Disposals		<u>(89,757)</u>
At 31 December 2019		<u>113,542</u>
Carrying amount		
At 31 December 2019		<u>113,542</u>
At 31 December 2018		<u>203,299</u>

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2019	2018
Subsidiary undertakings				
Astute Electronics Inc	USA	Ordinary	80%	80%
Astute Electronics Trading (Shanghai) Co Ltd	China	Ordinary	100%	100%
Greenwood Electronic Components Limited	United Kingdom	Ordinary	100%	100%
Astute Electronics Pty Ltd	Australia	Ordinary	100%	100%

The principal activity of Astute Electronics Inc is the wholesale of electronic and telecommunications equipment and parts. 20% of the issued share capital was transferred to the COO on 23rd June 2018.

The principal activity of Astute Electronics Trading (Shanghai) Co Ltd is the wholesale of electronic and telecommunications equipment and parts.

The principal activity of Greenwood Electronic Components Limited is the wholesale of electronic and telecommunications equipment and parts. The company was dissolved on 26th February 2019.

The principal activity of Astute Electronics Pty Ltd is the wholesale of electronic and telecommunications equipment and parts.

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

13 Stocks

	Group		Company	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	£	£	£	£
Other inventories	<u>6,760,003</u>	<u>10,568,913</u>	<u>5,887,549</u>	<u>8,576,534</u>

Group

The cost of stocks recognised as an expense in the year amounted to £60,169,100 (2018 - £32,812,631).

Impairment of inventories

The amount of impairment loss included in profit or loss is £480,809 (2018 - £484,313).

Company

The cost of stocks recognised as an expense in the year amounted to £53,549,247 (2018 - £28,751,064).

Impairment of inventories

The amount of impairment loss included in profit or loss is £338,958 (2018 - £403,510).

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

14 Debtors

	Group		Company	
	31 December 2019 £	31 December 2018 £	31 December 2019 £	31 December 2018 £
Trade debtors	17,866,541	25,305,228	14,620,412	21,896,010
Amounts owed by group companies	-	-	3,856,248	2,634,217
Other debtors	267,254	13,496	230,495	8,485
Called up share capital not paid	900	-	900	-
Prepayments	320,868	351,011	285,331	302,034
Total current trade and other debtors	<u>18,455,563</u>	<u>25,669,735</u>	<u>18,993,386</u>	<u>24,840,746</u>

15 Cash and cash equivalents

	Group		Company	
	31 December 2019 £	31 December 2018 £	31 December 2019 £	31 December 2018 £
Cash on hand	6,506	15,385	6,451	8,335
Cash at bank	<u>148,594</u>	<u>213,718</u>	<u>148,594</u>	<u>213,718</u>
	155,100	229,103	155,045	222,053
Bank overdrafts	<u>(10,213,651)</u>	<u>(14,936,376)</u>	<u>(10,122,953)</u>	<u>(14,081,785)</u>
Cash and cash equivalents in statement of cash flows	<u>(10,058,551)</u>	<u>(14,707,273)</u>	<u>(9,967,908)</u>	<u>(13,859,732)</u>

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

16 Creditors

		Group		Company	
	Note	31 December 2019 £	31 December 2018 £	31 December 2019 £	31 December 2018 £
Due within one year					
Loans and borrowings	20	11,092,693	16,332,254	11,001,995	15,477,663
Trade creditors		5,350,242	13,618,183	5,058,715	12,023,320
Amounts owed to group companies and directors loans		-	-	155,949	144,356
Social security and other taxes		465,850	452,456	416,985	444,996
Outstanding defined contribution pension costs		28,648	-	28,648	-
Other payables		476,802	423,251	611,593	422,169
Accrued expenses		2,725,571	2,252,736	2,403,427	1,757,754
Income tax liability	10	340,954	39,928	369,620	120,759
		<u>20,480,760</u>	<u>33,118,808</u>	<u>20,046,932</u>	<u>30,391,017</u>
Due after one year					
Loans and borrowings	20	<u>2,814,277</u>	<u>2,916,283</u>	<u>2,814,277</u>	<u>2,916,282</u>

17 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £170,147 (2018 - £74,204).

Contributions totalling £28,648 (2018 - £Nil) were payable to the scheme at the end of the year and are included in creditors.

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

18 Share capital

Allotted, called up and fully paid shares

	31 December 2019		31 December 2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>

Allotted, called up and not fully paid shares

	31 December 2019		31 December 2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>900</u>	<u>900</u>	<u>-</u>	<u>-</u>

New shares allotted

During the year 900 Ordinary shares having an aggregate nominal value of £900 were allotted for an aggregate consideration of £900.

Ordinary shares carry equal voting rights and entitlement to distributable reserves.

19 Reserves

Capital redemption reserve

The capital redemption reserve represents the amount paid by the company to purchase its own shares.

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

20 Loans and borrowings

	Group		Company	
	31 December 2019 £	31 December 2018 £	31 December 2019 £	31 December 2018 £
Non-current loans and borrowings				
Bank borrowings	2,814,277	2,904,631	2,814,277	2,904,630
Finance lease liabilities	-	11,652	-	11,652
	<u>2,814,277</u>	<u>2,916,283</u>	<u>2,814,277</u>	<u>2,916,282</u>

	Group		Company	
	31 December 2019 £	31 December 2018 £	31 December 2019 £	31 December 2018 £
Current loans and borrowings				
Bank borrowings	866,846	1,111,562	866,846	1,111,562
Bank overdrafts	10,213,651	14,936,376	10,122,953	14,081,785
Finance lease liabilities	12,196	284,316	12,196	284,316
	<u>11,092,693</u>	<u>16,332,254</u>	<u>11,001,995</u>	<u>15,477,663</u>

Company

Bank borrowings

Bank loan 1 is denominated in sterling with a nominal interest rate of 2.39 % per annum over base, and the final instalment is due on 1 July 2042. The carrying amount at year end is £2,904,638 (2018 - £2,992,229).

Astute House, Stevenage has been pledged as security in respect of specific bank borrowing. 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. The finance and hire purchase contracts are secured on the assets concerned. Mr G Hill, director, has guaranteed the bank loans to £250,000. Mr G Hill has guaranteed the finance leases and hire purchase contracts.

Bank loan 2 is denominated in US Dollars with a nominal interest rate of 2.5% per annum over the bank's Currency Lending Rate for US Dollars, and the final instalment is due on 29 September 2019. The carrying amount at year end is £Nil (2018 - £1,023,964).

Astute Electronics Inc. has guaranteed bank loan 2 in US Dollars.

Bank loan 3 is denominated in US Dollars with a nominal interest rate of 4% per annum over the bank's Currency Lending Rate for US Dollars, and the final instalment is due on 25 February 2020. The carrying amount at year end is £776,485 (2018 - £Nil).

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

21 Obligations under leases and hire purchase contracts

Group

Finance leases

The total of future minimum lease payments is as follows:

	31 December 2019 £	31 December 2018 £
Not later than one year	12,196	284,316
Later than one year and not later than five years	-	11,652
	<u>12,196</u>	<u>295,968</u>

Operating leases

The total of future minimum lease payments is as follows:

	31 December 2019 £	31 December 2018 £
Not later than one year	244,841	376,850
Later than one year and not later than five years	228,155	246,732
	<u>472,996</u>	<u>623,582</u>

Company

Finance leases

The total of future minimum lease payments is as follows:

	31 December 2019 £	31 December 2018 £
Not later than one year	12,196	284,316
Later than one year and not later than five years	-	11,652
	<u>12,196</u>	<u>295,968</u>

Operating leases

The total of future minimum lease payments is as follows:

	31 December 2019 £	31 December 2018 £
Not later than one year	193,380	236,874
Later than one year and not later than five years	228,155	196,399
	<u>421,535</u>	<u>433,273</u>

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

22 Commitments

Group

Capital commitments

The total amount contracted for but not provided in the financial statements was £Nil (2018 - £Nil).

Company

Capital commitments

The total amount contracted for but not provided in the financial statements was £Nil (2018 - £Nil).

23 Related party transactions

Group

Expenditure with and payables to related parties

Year ended 31st December
2019

Purchase of goods

Amounts payable to related party

Other related
parties

£

425,000

1,052,718

6 months ended 31st December
2018

Purchase of goods

Amounts payable to related party

Other related
parties

£

223,750

952,718

Company

Expenditure with and payables to related parties

Year ended 31st December
2019

Purchase of goods

Amounts payable to related party

Other related
parties

£

425,000

1,052,718

6 months ended 31st December
2018

Purchase of goods

Amounts payable to related party

Other related
parties

£

223,750

952,718

During the year the company purchased services from Prime Electronics (Cheshunt) Limited, a company in which Mr G I Hill, director, is a director and has a material interest. All transactions were carried out on a normal commercial basis.

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

24 Financial instruments

Group

Categorisation of financial instruments

	31 December 2019 £	31 December 2018 £
Financial assets that are debt instruments measured at amortised cost	18,134,695	25,318,724
	<u>18,134,695</u>	<u>25,318,724</u>
Financial liabilities measured at amortised cost	22,488,233	35,542,707
	<u>22,488,233</u>	<u>35,542,707</u>

Company

Categorisation of financial instruments

	31 December 2019 £	31 December 2018 £
Financial assets that are debt instruments measured at amortised cost	18,708,055	24,538,712
	<u>18,708,055</u>	<u>24,538,712</u>
Financial liabilities measured at amortised cost	22,074,604	32,741,544
	<u>22,074,604</u>	<u>32,741,544</u>

Financial assets at amortised cost of the group comprise trade debtors of £17,866,541 (2018 - £25,305,228) and other debtors of £268,154 (2018 - £13,496).

Financial assets at amortised cost of the company comprise trade debtors of £14,620,412 (2018 - £21,896,010), group debtors of £3,856,248 (2018 - £2,634,217) and other debtors of £231,395 (2018 - £8,485).

Financial liabilities measured at amortised cost of the group comprise bank loans and overdrafts of £13,894,774 (2018 - £18,952,569), hire purchase of £12,196 (2018 - £295,968), trade creditors of £5,350,242 (2018 - £13,618,183) and other creditors and accruals of £3,231,021 (2018 - £2,675,987).

Financial liabilities measured at amortised cost of the company comprise bank loans and overdrafts of £13,084,076 (2018 - £18,097,977), hire purchase of £12,196 (2018 - £295,968), trade creditors of £5,058,715 (2018 - £12,023,320), group creditors of £155,949 (2018 - £144,356) and other creditors and accruals of £3,043,668 (2018 - £2,179,923).

25 Parent and ultimate parent undertaking

The ultimate controlling party is Mr G I Hill.