

Registration number: 02326213

Astute Electronics Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2022

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	GI 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 2022

The directors present their strategic report for the year ended 31 December 2022.

Principal activity

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

Review of the business

2022 was a remarkable year with turnover of £287.6M and a profit before tax of £58.4M.

Widespread disruption to supply chains coupled with increased demand post Covid, led to global shortages of electronic components from the second half of 2021 to the first quarter of 2023, peaking in the middle of 2022.

We were able to capitalise on these favourable market conditions by utilising our global supply chain network to secure supply for our customers whilst extending the offering to new customers in fast growing, Hi-Rel end markets such as Medical, Renewable Energy and EV Charging. This was a very challenging period for our customers and we were able to provide full traceability and quality assurance through our laboratories and testing facilities in the UK, America and Asia.

Whilst we made good progress in developing opportunities in these new markets, the Defence and Aerospace sector remains our largest market and we continue to build on our long-standing relationships with our blue-chip defence customers.

We have continued to develop our global footprint and now have 15 office locations across the world. Our international businesses were a major contributor to the growth during 2022 with our businesses in North America, Asia and Europe all growing revenue by more than 100 per cent. International revenue is now two thirds of total revenue whereas three years ago it was just one third.

Our range of premium, technology driven franchises also grew and now exceeds 70. It is built around four core product lines - passive and discrete components, interconnect components, power components and memory components. These are supported by specialist application engineers and product managers who provide technical design support to customers to create demand in Hi-Rel markets.

In 2023, not surprisingly, there has been a short-term fall in demand as many companies are holding high levels of "buffer" inventory which has pushed back the time before they need to reorder and replenish. However, market conditions remain favourable in both the short and long term with increasing use of and demand for Hi-Rel electronic components, a long-term increase in Defence spending by NATO countries, and customers in these sectors requiring distributors who can guarantee security of supply and quality assurance.

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 with high inflation and interest rates. There is still a potential over reliance on customers in the Defence and Aerospace sectors, but this is being actively and successfully addressed by diversification into new, complementary markets where safety and quality is critical.

The war in Ukraine and other Geo-Political tensions such as China and Taiwan create uncertainty over the security of supply chains.

Brexit will continue to be an ongoing challenge with currency volatility, supply chain delays and new tariffs. The investment in a new laboratory and test facilities in Germany will help mitigate against the risks.

Whilst the risk posed by COVID-19 has reduced, it has not gone away and is likely to continue to create uncertainty and volatility in demand in global markets.

Astute Electronics Limited

Strategic Report for the Year Ended 31 December 2022

Section 172 Statement

This section describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) Companies Act 2006 in exercising their duty to promote the success of the Company for the benefit of its members as a whole.

Having regard to the likely consequences of any decision in the long term

The Board remains mindful that its strategic decisions can have long term implications for the business and its stakeholders, and these implications are carefully assessed.

Having regard to the interests of the Company's employees

The Board takes active steps to ensure that the suggestions, views and interests of the workforce are captured and considered in our decision-making.

Having regard to the need to foster the Company's business relationships with suppliers, customers and others

Suppliers

The Board seeks to balance the benefits of maintaining strong partnering relationships with key suppliers alongside the need to obtain value for money for our investors and the desired quality and service levels for our customers.

Customers

The directors provide updates to the Board on their perceptions of customer sentiment and the market view. The interests of customers are considered in key decisions in relation to product lines, selection and monitoring of suppliers to ensure quality and safety standards are met along with freight and logistics arrangements to maximise efficiencies from order to delivery.

Debt capital/credit facility providers

The Group Finance Director is responsible for managing the relationships with our bank and for the Group's cash/debt management and financing activities.

Having regard to the impact of the Company's operations on the community and the environment

The Board supports the Company's goals and initiatives with regard to reducing adverse impacts on the environment and supporting the communities that it touches. The Board gives consideration to the Company's approach to climate change and further measures we can take to contribute to the reduction of our impact on the environment.

Having regard to the desirability of the Company maintaining a reputation for high standards of business conduct

The Board recognises the importance of operating a robust corporate governance framework and complying with the UK Corporate Governance Code.

Having regard to the need to act fairly as between members of the Company

The Company has two classes of shares in issue, the first class provides the rights to vote, receive dividends and participate in a winding up, the second class provides a limited rights to participate in a winding up (only above hurdle of £11,500,00). All shareholders have an opportunity to ask questions or represent their views formally to the Board at the AGM, or with directors after the meeting. The interests of investors were considered as part of the Boards decisions throughout the year.

Astute Electronics Limited

Strategic Report for the Year Ended 31 December 2022

Approved and authorised by the Board on 26 September 2023 and signed on its behalf by:

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

G Hill
Director

Astute Electronics Limited

Directors' Report for the Year Ended 31 December 2022

The directors present their report and the for the year ended 31 December 2022.

Directors of the group

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

GI Hill

I Fantham - Company secretary and director

UK Streamlined Energy and Carbon Reporting (SECR)

In accordance with SECR requirements this provides a summary of GHG emissions and energy data for Astute Electronics Limited in comparison with UK performance.

	2022	2021
	Consumption	Consumption
Total Energy consumption (Electricity) (kWh)	441,897	388,190
Total Energy consumption (Gas) (kWh)	439,280	452,174
Total motor vehicle consumption (Fuel) kWh	369,585	430,447
Total motor vehicle consumption (Electricity) kWh	31,858	17,283
Total Energy consumption (kWh)	1,282,620	1,288,094
	Emissions	Emissions
Combustion of fuel - Gas (Scope 1) (TCO2)	80.19	82.54
Motor vehicle fuel - Company owned (Scope 1) (TCO2)	92.07	107.38
Electricity purchased for own use - Company owned (Scope 2) (TCO2)	85.45	75.07
Electricity purchased for motor vehicles - Company owned (Scope 2) (TCO2)	0.92	0.00
Total Annual Gross Emissions (TCO2)	258.63	264.99
	Annual GHG	Annual GHG
	Intensity	Intensity
	Measure	Measure
	(TCO2/SQM)	(TCO2/SQM)
GHG emissions TCO2/SQM	0.0452	0.0463
Total SQM	5,721	5,721

We report our GHG using the Department for Business, Energy & Industrial Strategy greenhouse gas reporting: conversion factors 2022 published on the 22 June 2022, as our framework for calculations and disclosure.

Astute Electronics Limited

Directors' Report for the Year Ended 31 December 2022

Energy Efficiency Improvements

Astute has partnered with Planet Mark as part of our Sustainability Certification programme, committing to reduce our carbon footprint. Their first report was completed for the year to 31 December 2022.

We are targeting to reduce emissions by 12% per year, with a committed minimum reduction of 5% per year.

During 2023, the roof of the headquarters in Stevenage is being strengthened in readiness for the installation of solar sheeting which will generate over a third of the building's electricity requirements and reduce consumption of grid electricity.

Higher specification laptops which consume less energy continue to be rolled out to replace less energy efficient desk top PCs.

Energy efficient lighting has been installed across all office areas and the remaining areas will be assessed and upgraded in future years.

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 Group Finance 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.

Engagement with suppliers, customers and other relationships

The board seeks to balance the benefits of maintaining strong partnerships with key suppliers alongside the need to obtain value for money, quality and service levels for our customers.

The board considers the interests of customers in relation to product lines, selection and monitoring of suppliers to ensure quality and safety standards are met along with freight and logistics arrangements to maximise efficiencies from order to delivery.

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.

Astute Electronics Limited

Directors' Report for the Year Ended 31 December 2022

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 and authorised by the Board on 26 September 2023 and signed on its behalf by:

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

GI 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 2022, 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).

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 2022 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 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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The 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.

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.

Astute Electronics Limited

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

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 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 8], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Astute Electronics Limited

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

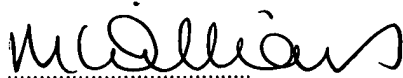
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the company and its industry, we identified that the principle risks of non-compliance with laws and regulations related to the UK tax legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principle risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

26 September 2023

Astute Electronics Limited

Consolidated Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 £	2021 £
Turnover	3	287,629,381	119,902,171
Cost of sales		<u>(183,527,326)</u>	<u>(83,697,945)</u>
Gross profit		104,102,055	36,204,226
Administrative expenses		(45,821,295)	(24,806,223)
Other operating income	4	<u>886,409</u>	<u>316,214</u>
Operating profit	5	<u>59,167,169</u>	<u>11,714,217</u>
Income from other fixed asset investments		96,103	270,987
Other interest receivable and similar income		763	612
Interest payable and similar expenses	6	<u>(870,638)</u>	<u>(633,809)</u>
		<u>(773,772)</u>	<u>(362,210)</u>
Profit before tax		58,393,397	11,352,007
Taxation	10	<u>(11,624,009)</u>	<u>(2,014,766)</u>
Profit for the financial year		<u>46,769,388</u>	<u>9,337,241</u>
Profit/(loss) attributable to:			
Owners of the company and Non-Controlling Interest		<u>46,769,388</u>	<u>9,337,241</u>

Profit / (loss) is attributable as: Owners of the company profit of £43,887,626 (2021 - £8,529,758); Non-Controlling Interest profit of £2,881,762 (2021 - profit of £807,483).

Astute Electronics Limited

**Consolidated Statement of Comprehensive Income for the Year Ended 31 December
2022**

	2022 £	2021 £
Profit for the year	46,769,388	9,337,241
Exchange difference on consolidation	<u>666,258</u>	<u>233,230</u>
Total comprehensive income for the year	<u><u>47,435,646</u></u>	<u><u>9,570,471</u></u>
Total comprehensive income attributable to:		
Owners of the company and Non-Controlling Interest	<u><u>47,435,646</u></u>	<u><u>9,570,471</u></u>
Total comprehensive income is attributable as: Owners of the company £44,566,408 (2021 - £8,775,547); Non-Controlling Interest of £2,869,238 (2021 - £794,924).		

The notes on pages 19 to 42 form an integral part of these financial statements.

Astute Electronics Limited

(Registration number: 02326213)

Consolidated Balance Sheet as at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	11	679,140	-
Tangible assets	12	6,005,053	5,571,205
Investments	13	-	703,444
Investment in joint venture	13	-	448,180
		<u>6,684,193</u>	<u>6,722,829</u>
Current assets			
Stocks	14	15,169,427	17,043,826
Debtors	15	48,308,494	44,630,070
Cash at bank and in hand	16	28,926,643	2,797,511
		<u>92,404,564</u>	<u>64,471,407</u>
Creditors: Amounts falling due within one year	17	<u>(35,240,487)</u>	<u>(48,321,560)</u>
Net current assets		<u>57,164,077</u>	<u>16,149,847</u>
Total assets less current liabilities		<u>63,848,270</u>	<u>22,872,676</u>
Creditors: Amounts falling due after more than one year	17	<u>(2,647,598)</u>	<u>(3,288,135)</u>
Provisions for liabilities	18	<u>(331,218)</u>	<u>(150,733)</u>
Net assets		<u>60,869,454</u>	<u>19,433,808</u>
Capital and reserves			
Called up share capital	20	6,900	6,900
Capital redemption reserve	21	4,000	4,000
Profit and loss account	21	<u>60,858,554</u>	<u>19,422,908</u>
Equity attributable to owners of the company and Non-Controlling Interest		<u>60,869,454</u>	<u>19,433,808</u>
Total equity		<u>60,869,454</u>	<u>19,433,808</u>

Equity is attributable as: Owners of the company £57,117,761 (2021 - £18,655,430); Non-Controlling Interest of £3,751,693 (2021 - £778,378).

Approved and authorised by the Board on 26 September 2023 and signed on its behalf by:



G. Hill
Director

The notes on pages 19 to 42 form an integral part of these financial statements.

Astute Electronics Limited

(Registration number: 02326213)


Balance Sheet as at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	12	5,316,595	5,288,687
Investment in subsidiaries	13	1,301,148	703,958
Investment in joint venture	13	-	448,180
		<u>6,617,743</u>	<u>6,440,825</u>
Current assets			
Stocks	14	11,985,443	13,868,807
Debtors	15	37,900,361	34,974,583
Cash at bank and in hand		<u>13,124,202</u>	<u>672,047</u>
		63,010,006	49,515,437
Creditors: Amounts falling due within one year	17	<u>(25,226,388)</u>	<u>(37,380,147)</u>
Net current assets		<u>37,783,618</u>	<u>12,135,290</u>
Total assets less current liabilities		44,401,361	18,576,115
Creditors: Amounts falling due after more than one year	17	(2,647,043)	(3,288,135)
Provisions for liabilities	18	<u>(331,218)</u>	<u>(150,733)</u>
Net assets		<u>41,423,100</u>	<u>15,137,247</u>
Capital and reserves			
Called up share capital		6,900	6,900
Capital redemption reserve		4,000	4,000
Profit and loss account		<u>41,412,200</u>	<u>15,126,347</u>
Total equity		<u>41,423,100</u>	<u>15,137,247</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 £32,285,853 (2021 - profit of £4,839,557).

Approved and authorised by the Board on 26 September 2023 and signed on its behalf by:



 GI Hill
 Director

The notes on pages 19 to 42 form an integral part of these financial statements.

Astute Electronics Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2022	6,900	4,000	19,422,908	19,433,808
Profit for the year	-	-	46,769,388	46,769,388
Other comprehensive income	-	-	666,258	666,258
Total comprehensive income	-	-	47,435,646	47,435,646
Dividends	-	-	(6,000,000)	(6,000,000)
At 31 December 2022	6,900	4,000	60,858,554	60,869,454
	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2021	6,900	4,000	9,852,437	9,863,337
Profit for the year	-	-	9,337,241	9,337,241
Other comprehensive income	-	-	233,230	233,230
Total comprehensive income	-	-	9,570,471	9,570,471
At 31 December 2021	6,900	4,000	19,422,908	19,433,808

The notes on pages 19 to 42 form an integral part of these financial statements.

Astute Electronics Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £	Capital redemption reserve £	Retained earnings £	Total £
At 1 January 2022	6,900	4,000	15,126,347	15,137,247
Profit for the year	-	-	32,285,853	32,285,853
Dividends	-	-	(6,000,000)	(6,000,000)
At 31 December 2022	6,900	4,000	41,412,200	41,423,100

	Share capital £	Capital redemption reserve £	Retained earnings £	Total £
At 1 January 2021	6,900	4,000	10,286,790	10,297,690
Profit for the year	-	-	4,839,557	4,839,557
At 31 December 2021	6,900	4,000	15,126,347	15,137,247

The notes on pages 19 to 42 form an integral part of these financial statements.

Astute Electronics Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Profit for the year		47,435,646	9,570,471
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	686,288	639,132
Revaluation of fixed assets on consolidation		52,989	(1,274)
Loss on disposal of tangible assets		-	107
Finance income		(96,866)	(271,599)
Finance costs	6	870,638	633,809
Income tax expense	10	11,624,009	2,014,766
Investment disposals		703,444	-
		<u>61,276,148</u>	<u>12,585,412</u>
Working capital adjustments			
Decrease/(increase) in stocks	14	1,874,399	(12,483,978)
Increase in trade debtors	15	(3,678,424)	(28,570,311)
(Decrease)/increase in trade creditors	17	(482,332)	17,718,614
Increase in provisions	18	113,028	-
Cash generated from operations		59,102,819	(10,750,263)
Income taxes paid	10	(6,689,393)	(564,493)
Net cash flow from operating activities		<u>52,413,426</u>	<u>(11,314,756)</u>
Cash flows from investing activities			
Interest received and joint venture profits		96,866	271,599
Acquisitions of tangible assets		(1,097,659)	(345,854)
Acquisition of intangible assets	11	(754,606)	-
Acquisition of other assets		-	(703,444)
Acquisition of investments in joint ventures and associates	13	(36,640)	(424,449)
Disposal of joint venture investment		484,820	-
Net cash flows from investing activities		<u>(1,307,219)</u>	<u>(1,202,148)</u>
Cash flows from financing activities			
Interest paid	6	(870,638)	(633,809)
Repayment of bank borrowing		(1,678,611)	(975,597)
Dividends paid		(1,200,000)	-
Net cash flows from financing activities		<u>(3,749,249)</u>	<u>(1,609,406)</u>
Net increase/(decrease) in cash and cash equivalents		47,356,958	(14,126,310)
Cash and cash equivalents at 1 January		<u>(18,430,315)</u>	<u>(4,304,005)</u>
Cash and cash equivalents at 31 December	16	<u><u>28,926,643</u></u>	<u><u>(18,430,315)</u></u>

The notes on pages 19 to 42 form an integral part of these financial statements.

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

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

These financial statements were authorised for issue by the Board on 26 September 2023.

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 2022

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2022.

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 group.

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 2022

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 and deferred 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 balance sheet 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 2022

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

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

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.

Trade 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 2022

Stocks

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.

Trade 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.

Provisions

Provisions are recognised when the group has an obligation at the reporting date as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

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.

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.

Dividends

Dividend distribution to the group's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

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 Turnover

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

	2022	2021
	£	£
Sale of goods	287,629,381	119,902,171

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 2022

4 Other operating income

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

	2022	2021
	£	£
Government grants	-	260,238
Foreign exchange (losses) gains	886,409	55,976
	<u>886,409</u>	<u>316,214</u>

5 Operating profit

Arrived at after charging/(crediting)

	2022	2021
	£	£
Depreciation expense	610,822	639,132
Amortisation expense	75,466	-
Operating lease expense - property	474,618	287,689
Operating lease expense - plant and machinery	194,527	185,153
Operating lease expense - other	44,246	53,380
Loss on disposal of property, plant and equipment	<u>-</u>	<u>107</u>

6 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and borrowings	<u>870,638</u>	<u>633,809</u>

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

7 Staff costs

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

	2022	2021
	£	£
Wages and salaries	33,816,446	17,087,291
Social security costs	2,912,256	1,782,760
Pension costs, defined contribution scheme	300,235	245,890
Other employee expense	610,792	314,043
	<u>37,639,729</u>	<u>19,429,984</u>

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

	2022	2021
	No.	No.
Administration and support	132	118
Sales	121	107
	<u>253</u>	<u>225</u>

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £	2021 £
Remuneration	813,504	390,671
Contributions paid to money purchase schemes	54,105	50,785
	<u>867,609</u>	<u>441,456</u>

In respect of the highest paid director:

	2022 £	2021 £
Remuneration	436,054	225,054
Company contributions to money purchase pension schemes	11,636	9,750
	<u>447,690</u>	<u>234,804</u>

9 Auditors' remuneration

	2022 £	2021 £
Audit of these financial statements	28,500	26,250
Other fees to auditors		
All other non-audit services	11,500	10,500
	<u>40,000</u>	<u>36,750</u>

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

10 Taxation

Tax charged/(credited) in the consolidated profit and loss account

	2022 £	2021 £
Current taxation		
Corporation tax	11,668,002	1,970,033
R&D tax claim	<u>(111,450)</u>	<u>(106,000)</u>
	11,556,552	1,864,033
Deferred taxation		
Arising from origination and reversal of timing differences	<u>67,457</u>	<u>150,733</u>
Tax expense in the income statement	<u>11,624,009</u>	<u>2,014,766</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit before tax	<u>58,393,397</u>	<u>11,352,007</u>
Corporation tax at standard rate	11,094,745	2,156,881
Effect of expense not deductible in determining taxable profit (tax loss)	39,569	16,802
Decrease from effect of tax incentives	(111,450)	(106,000)
Tax (decrease)/increase from effect of capital allowances and depreciation	(74,109)	42,541
Tax increase from other short-term timing differences	67,457	150,733
Tax increase/(decrease) arising from overseas tax suffered/expensed	<u>607,797</u>	<u>(246,191)</u>
Total tax charge	<u>11,624,009</u>	<u>2,014,766</u>

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Deferred tax

Group

Deferred tax assets and liabilities

	Asset £	Liability £
2022	-	218,190
	-	218,190

	Asset £	Liability £
2021	-	150,733
	-	150,733

Company

Deferred tax assets and liabilities

	Asset £	Liability £
2022	-	218,190
	-	218,190

	Asset £	Liability £
2021	-	150,733
	-	150,733

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

11 Intangible assets

Group

	Goodwill £	Total £
Cost or valuation		
Additions acquired separately	<u>754,606</u>	<u>754,606</u>
At 31 December 2022	<u>754,606</u>	<u>754,606</u>
Amortisation		
Amortisation charge	<u>75,466</u>	<u>75,466</u>
At 31 December 2022	<u>75,466</u>	<u>75,466</u>
Carrying amount		
At 31 December 2022	<u><u>679,140</u></u>	<u><u>679,140</u></u>

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

12 Tangible assets

Group

	Land and buildings £	Plant and machinery £	Office equipment £	Total £
Cost or valuation				
At 1 January 2022	3,487,439	2,910,936	1,745,389	8,143,764
Revaluation on consolidation	-	15,521	27,598	43,119
Additions	-	465,573	632,086	1,097,659
Disposals	-	(86,567)	(286,470)	(373,037)
At 31 December 2022	<u>3,487,439</u>	<u>3,305,463</u>	<u>2,118,603</u>	<u>8,911,505</u>
Depreciation				
At 1 January 2022	264,690	1,068,243	1,239,626	2,572,559
Charge for the year	46,035	304,458	260,329	610,822
Eliminated on disposal	-	-	(286,470)	(286,470)
Revaluation on consolidation	-	483	9,058	9,541
At 31 December 2022	<u>310,725</u>	<u>1,373,184</u>	<u>1,222,543</u>	<u>2,906,452</u>
Carrying amount				
At 31 December 2022	<u>3,176,714</u>	<u>1,932,279</u>	<u>896,060</u>	<u>6,005,053</u>
At 31 December 2021	<u>3,222,749</u>	<u>1,842,693</u>	<u>505,763</u>	<u>5,571,205</u>

Included within the net book value of land and buildings above is £3,176,714 (2021 - £3,222,749) 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:

	2022 £	2021 £
Plant and machinery	-	-
Office equipment	-	-
	<u>-</u>	<u>-</u>

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Company

	Land and buildings £	Plant and machinery £	Office equipment £	Total £
Cost or valuation				
At 1 January 2022	3,487,439	2,780,983	1,503,435	7,771,857
Additions	-	177,556	376,632	554,188
Disposals	-	-	(286,470)	(286,470)
At 31 December 2022	<u>3,487,439</u>	<u>2,958,539</u>	<u>1,593,597</u>	<u>8,039,575</u>
Depreciation				
At 1 January 2022	264,690	1,064,194	1,154,286	2,483,170
Charge for the year	46,035	289,586	190,659	526,280
Eliminated on disposal	-	-	(286,470)	(286,470)
At 31 December 2022	<u>310,725</u>	<u>1,353,780</u>	<u>1,058,475</u>	<u>2,722,980</u>
Carrying amount				
At 31 December 2022	<u>3,176,714</u>	<u>1,604,759</u>	<u>535,122</u>	<u>5,316,595</u>
At 31 December 2021	<u>3,222,749</u>	<u>1,716,789</u>	<u>349,149</u>	<u>5,288,687</u>

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:

	2022 £	2021 £
Plant and machinery	-	-
Office equipment	-	-
	<u>-</u>	<u>-</u>

Included within the net book value of land and buildings above is £3,176,714 (2021 - £3,222,749) in respect of freehold land and buildings.

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

13 Investments

Company

	2022	2021
	£	£
Investments in subsidiaries	<u>1,301,148</u>	<u>703,958</u>

Subsidiaries

£

Cost or valuation

At 1 January 2022 703,958

Revaluation 113,028

Additions 484,920

Disposals (758)

At 31 December 2022 1,301,148

Carrying amount

At 31 December 2022 1,301,148

At 31 December 2021 703,958

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:

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2022	2021
Subsidiary undertakings				
Astute Electronics Inc	USA	Ordinary	80%	80%
Astute Electronics Trading (Shanghai) Co Ltd	China	Ordinary	100%	100%
Ismosys Group Limited	United Kingdom	Ordinary	100%	100%
Astute Electronics Pty Ltd	Australia	Ordinary	100%	100%
Astute Israel Limited	Israel	Ordinary	100%	100%
Astute Electronics GmbH	Germany	Ordinary	74.99%	50%

Subsidiary undertakings

Astute Electronics Inc

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.

Astute Electronics Trading (Shanghai) Co Ltd

The principal activity of Astute Electronics Trading (Shanghai) Co Ltd is a service company to support other Group trading entities.

Ismosys Group Limited

The principal activity of Ismosys Group Limited is a sales agent and consultancy to drive sales of electronic components.

Astute Electronics Pty Ltd

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

Astute Israel Limited

The principal activity of Astute Israel Limited is a service company to support other Group trading entities.

Astute Electronics GmbH

The principal activity of Astute Electronics GmbH is the wholesale of electronic and telecommunications equipment and parts. Astute Electronics GmbH was a 50% joint venture until 30th April 2022. On 1st May 2022 Astute Electronics Limited acquired a further 24.99% of the share capital in Astute Electronics GmbH.

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

14 Stocks

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Other inventories	<u>15,169,427</u>	<u>17,043,826</u>	<u>11,985,443</u>	<u>13,868,807</u>
Group				

Impairment of inventories

The amount of impairment loss included in profit or loss is £2,479,238 (2021 - £1,206,458).

Company

Impairment of inventories

The amount of impairment loss included in profit or loss is £2,085,849 (2021 - £982,791).

15 Debtors

		Group		Company	
		2022	2021	2022	2021
	Note	£	£	£	£
Current					
Trade debtors		47,338,124	42,745,790	30,096,312	25,334,869
Amounts owed by related parties	25	-	-	7,388,132	7,883,429
Other debtors		277,080	1,572,758	27,504	1,462,052
Called up share capital not paid		900	900	900	900
Prepayments		<u>692,390</u>	<u>310,622</u>	<u>387,513</u>	<u>293,333</u>
		<u>48,308,494</u>	<u>44,630,070</u>	<u>37,900,361</u>	<u>34,974,583</u>

16 Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Cash on hand	-	4,506	-	1,500
Cash at bank	<u>28,926,643</u>	<u>2,793,005</u>	<u>13,124,202</u>	<u>670,547</u>
	28,926,643	2,797,511	13,124,202	672,047
Bank overdrafts	<u>-</u>	<u>(21,227,826)</u>	<u>-</u>	<u>(18,249,214)</u>
Cash and cash equivalents in statement of cash flows	<u>28,926,643</u>	<u>(18,430,315)</u>	<u>13,124,202</u>	<u>(17,577,167)</u>

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

17 Creditors

		Group		Company	
	Note	2022	2021	2022	2021
		£	£	£	£
Due within one year					
Loans and borrowings	22	69,456	22,334,801	69,456	19,356,189
Trade creditors		10,346,324	15,475,486	7,453,787	9,974,723
Amounts owed to group companies and directors loans		258,840	-	-	-
Social security and other taxes		1,599,458	290,129	1,555,700	252,885
Outstanding defined contribution pension costs		46,038	31,539	38,938	31,539
Other payables		193,738	583,176	242,406	422,236
Accrued expenses		11,298,777	7,845,732	7,877,868	6,405,867
Income tax liability	10	6,627,856	1,760,697	3,188,233	936,708
Dividends payable	24	4,800,000	-	4,800,000	-
		<u>35,240,487</u>	<u>48,321,560</u>	<u>25,226,388</u>	<u>37,380,147</u>
Due after one year					
Loans and borrowings	22	2,647,043	3,288,135	2,647,043	3,288,135
Other non-current financial liabilities		555	-	-	-
		<u>2,647,598</u>	<u>3,288,135</u>	<u>2,647,043</u>	<u>3,288,135</u>

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

18 Provisions for liabilities

Group

	Deferred tax £	Other provisions £	Total £
At 1 January 2022	150,733	-	150,733
Additional provisions	<u>67,457</u>	<u>113,028</u>	<u>180,485</u>
At 31 December 2022	<u><u>218,190</u></u>	<u><u>113,028</u></u>	<u><u>331,218</u></u>

Other provisions relate to the write down of an investment in a subsidiary.

Company

	Deferred tax £	Other provisions £	Total £
At 1 January 2022	150,733	-	150,733
Additional provisions	<u>67,457</u>	<u>113,028</u>	<u>180,485</u>
At 31 December 2022	<u><u>218,190</u></u>	<u><u>113,028</u></u>	<u><u>331,218</u></u>

Other provisions relate to the write down of an investment in a subsidiary.

19 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 £300,235 (2021 - £245,890).

Contributions totalling £46,038 (2021 - £31,539) 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 2022

20 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary shares of £0.001 each	<u>6,000,000</u>	<u>6,000</u>	<u>6,000,000</u>	<u>6,000.00</u>

Allotted, called up and not fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary shares of £0.001 each	<u>900,000</u>	<u>900</u>	<u>900,000</u>	<u>900.00</u>

6,000,000 ordinary shares carry full rights to vote, receive dividends and participate in a winding up. 900,000 ordinary shares carry no rights to vote or receive dividends and limited rights to participate in a winding up (only above a hurdle of £11,500,000).

21 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 2022

22 Loans and borrowings

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Non-current loans and borrowings				
Bank borrowings	<u>2,647,043</u>	<u>3,288,135</u>	<u>2,647,043</u>	<u>3,288,135</u>

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Current loans and borrowings				
Bank borrowings	69,456	1,106,975	69,456	1,106,975
Bank overdrafts	<u>-</u>	<u>21,227,826</u>	<u>-</u>	<u>18,249,214</u>
	<u>69,456</u>	<u>22,334,801</u>	<u>69,456</u>	<u>19,356,189</u>

Company

Bank borrowings

Bank loan 1 is denominated in sterling with a nominal interest rate of 2.85 % per annum over base, and the final instalment is due on 9 September 2041. The carrying amount at year end is £2,716,500 (2021 - £2,811,776).

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.

CLBILS loan is denominated in sterling with a nominal interest rate of 1.25% per annum over base for year 1 and 1.75% per annum over base for years 2 and 3, and the final instalment is due on 22 July 2023. The carrying amount at year end is £Nil (2021 - £1,583,333).

80% of the CLBILS reducing loan facility is guaranteed.

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

23 Obligations under leases and hire purchase contracts

Group

Operating leases

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	399,689	332,608
Later than one year and not later than five years	532,899	298,162
	<u>932,588</u>	<u>630,770</u>

Company

Operating leases

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	211,319	164,535
Later than one year and not later than five years	125,448	158,101
	<u>336,767</u>	<u>322,636</u>

24 Dividends

Final dividends paid

	2022 £	2021 £
Final dividend of £0.80 (2021 - £Nil) per each ordinary share	4,800,000	-

Interim dividends paid

	2022 £	2021 £
Interim dividend of £0.20 (2021 - £Nil) per each ordinary share	1,200,000	-

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

25 Related party transactions

Group

Expenditure with and payables to related parties

	Other related parties
	£
2022	
Purchase of goods	125,000
Amounts payable to related party	<u>450,000</u>

	Other related parties
	£
2021	
Purchase of goods	425,000
Amounts payable to related party	<u>1,020,000</u>

Company

Expenditure with and payables to related parties

	Other related parties
	£
2022	
Purchase of goods	125,000
Amounts payable to related party	<u>450,000</u>

	Other related parties
	£
2021	
Purchase of goods	425,000
Amounts payable to related party	<u>1,020,000</u>

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 2022

26 Financial instruments

Financial assets at amortised cost of the group total £47,616,104 (2021 - £42,875,121) and comprise trade debtors of £47,338,124 (2021 - £42,745,790) and other debtors of £277,980 (2021 - £129,331).

Financial assets at amortised cost of the company total £37,512,848 (2021 - £33,236,923) and comprise trade debtors of £30,096,312 (2021 - £25,334,869), group debtors of £7,388,132 (2021 - £7,883,429) and other debtors of £28,404 (2021 - £18,625).

Financial liabilities measured at amortised cost of the group total £29,660,771 (2021 - £49,558,869) and comprise bank loans and overdrafts of £2,716,499 (2021 - £25,622,936), trade creditors of £10,346,324 (2021 - £15,475,486) and other creditors and accruals of £16,597,948 (2021 - £8,460,447).

Financial liabilities measured at amortised cost of the company total £23,129,498 (2021 - £39,478,689) and comprise bank loans and overdrafts of £2,716,499 (2021 - £22,644,324), trade creditors of £7,453,787 (2021 - £9,974,723) and other creditors and accruals of £12,959,212 (2021 - £6,859,642).

27 Parent and ultimate parent undertaking

The ultimate controlling party is Mr G I Hill.