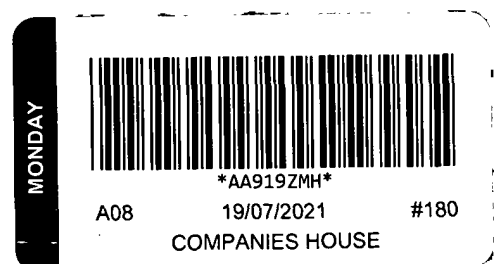


Registration number: 02326213

Astute Electronics Limited

Annual Report and Consolidated Financial Statements
for the Year Ended 31 December 2020

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



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 2020

The directors present their strategic report for the year ended 31 December 2020.

Principal activity

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

Review of the business

Turnover in the year was £65,210,236 and Profit before tax was £2,194,290. This is a profit increase of £380,120 compared to 2019 and is a great achievement in a very challenging year.

2020 has been a year like no other with the COVID-19 global pandemic having a major impact on the global economy, national economies, markets, businesses and individuals. However, throughout the various lockdowns and restrictions, Astute has continued to operate safely and successfully from all its global offices. The operations teams worked in COVID secure environments, and all sales and support teams worked from home.

Whilst some markets encountered a drop off in demand, there were other markets that performed strongly and Astute played a leading role in the supply chain for several national ventilator programs including the United Kingdom.

Defence and Aerospace remains the largest market and Astute continued to strengthen its position as one of the leading independent electronic distribution companies in the UK. The business continues to differentiate from competitors by offering a range of value-add services such as counterfeit avoidance programs and obsolescence management and a range of supply chain solutions from third party logistics support to a full outsourced solution.

In addition, the range of premium franchises has been expanded with the in-house franchise team providing engineering support across franchise lines and working with customer design teams to introduce new technologies and develop innovative solutions.

During 2020, Astute continued to invest extensively in the future growth of the business, particularly Internationally. Key investments included the expansion of the supply chain in Asia, the relocation of the USA business from Virginia to a new customised facility in Austin Texas, the recruitment of new resource in Turkey and Israel, increased investment in Australia and the development and implementation of cutting-edge global sourcing tools.

Post year end, the pandemic has led to global shortages of electronic components and Astute is well placed to take advantage of this market volatility and has traded strongly in the first five months of 2021 with revenue and profit both ahead of the comparable period in 2020.

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 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 continues to create uncertainty and volatility in demand in global markets with one of the most significant impacts being the 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 recently expanded global sourcing networks.

Astute Electronics Limited

Strategic Report for the Year Ended 31 December 2020

COVID-19 has also led to reduced demand in some markets such as commercial aviation and travel. However, Astute has minimal exposure to the 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 into areas such as healthcare will also help mitigate any risks in specific markets.

Whilst a Brexit trade deal was successfully concluded, there are still some potential risks such as currency volatility, supply chain delays and new tariffs that are being closely monitored to ensure appropriate mitigation strategies are put in place.

Approved by the Board on 15 July 2021 and signed on its behalf by:



.....
G I Hill
Director

Astute Electronics Limited

Directors' Report for the Year Ended 31 December 2020

The directors present their report and the for the year ended 31 December 2020.

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 15 July 2021 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 2020, 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 2020 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: 15/7/2021

Astute Electronics Limited

Consolidated Profit and Loss Account for the Year Ended 31 December 2020

	Note	2020 £	2019 £
Turnover	3	65,210,236	76,681,393
Cost of sales		<u>(49,400,947)</u>	<u>(60,169,100)</u>
Gross profit		15,809,289	16,512,293
Administrative expenses		(14,359,714)	(14,636,055)
Other operating income	4	<u>1,014,609</u>	<u>733,742</u>
Operating profit	5	<u>2,464,184</u>	<u>2,609,980</u>
Income from other fixed asset investments		30,769	(124,000)
Other interest receivable and similar income		2,339	343
Interest payable and similar expenses	6	<u>(303,002)</u>	<u>(672,153)</u>
		<u>(269,894)</u>	<u>(795,810)</u>
Profit before tax		2,194,290	1,814,170
Taxation	10	<u>(367,688)</u>	<u>(146,548)</u>
Profit for the financial year		<u>1,826,602</u>	<u>1,667,622</u>
Profit/(loss) attributable to:			
Owners of the company and Non-Controlling Interest		<u>1,826,602</u>	<u>1,667,622</u>

Profit /(loss) is attributable as: Owners of the company profit of £1,843,075 (2019 - £1,698,518); Non-Controlling Interest (loss) of (£16,473) (2019 - (£30,896)).

Astute Electronics Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2020

	2020 £	2019 £
Profit for the year	1,826,602	1,667,622
Exchange difference on consolidation	<u>(213,618)</u>	<u>(10,463)</u>
Total comprehensive income for the year	<u>1,612,984</u>	<u>1,657,159</u>
Total comprehensive income attributable to:		
Owners of the company and Non-Controlling Interest	<u>1,612,984</u>	<u>1,657,159</u>
Total comprehensive income is attributable as: Owners of the company £1,630,537 (2019 - £1,687,880); Non-Controlling Interest (loss) of (£17,553) (2019 - (£30,721)).		

Astute Electronics Limited

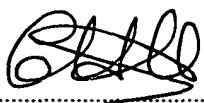
(Registration number: 02326213)

Consolidated Balance Sheet as at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	11	5,863,316	6,174,724
Investment in joint venture	12	23,731	-
		<u>5,887,047</u>	<u>6,174,724</u>
Current assets			
Stocks	13	4,559,848	6,760,003
Debtors	14	16,059,759	18,455,563
Cash at bank and in hand	15	3,879,120	155,100
		<u>24,498,727</u>	<u>25,370,666</u>
Creditors: Amounts falling due within one year	16	<u>(16,184,446)</u>	<u>(20,480,760)</u>
Net current assets		<u>8,314,281</u>	<u>4,889,906</u>
Total assets less current liabilities		<u>14,201,328</u>	<u>11,064,630</u>
Creditors: Amounts falling due after more than one year	16	<u>(4,337,991)</u>	<u>(2,814,277)</u>
Net assets		<u>9,863,337</u>	<u>8,250,353</u>
Capital and reserves			
Called up share capital	18	6,900	6,900
Capital redemption reserve	19	4,000	4,000
Profit and loss account	19	9,852,437	8,239,453
Equity attributable to owners of the company and Non-Controlling Interest		<u>9,863,337</u>	<u>8,250,353</u>
Total equity		<u>9,863,337</u>	<u>8,250,353</u>

Equity is attributable as: Owners of the company £9,892,443 (2019 - £8,262,986); Non-Controlling Interest (deficit) of (£29,106) (2019 - (deficit) of (£12,633)).

Approved and authorised by the Board on 15 July 2021 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 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	11	5,773,262	6,122,004
Investment in subsidiaries	12	113,542	113,542
Investment in joint venture	12	23,731	-
		<u>5,910,535</u>	<u>6,235,546</u>
Current assets			
Stocks	13	4,292,809	5,887,549
Debtors	14	17,983,639	18,993,386
Cash at bank and in hand		2,252,397	155,045
		<u>24,528,845</u>	<u>25,035,980</u>
Creditors: Amounts falling due within one year	16	<u>(15,803,699)</u>	<u>(20,046,932)</u>
Net current assets		<u>8,725,146</u>	<u>4,989,048</u>
Total assets less current liabilities		<u>14,635,681</u>	<u>11,224,594</u>
Creditors: Amounts falling due after more than one year	16	<u>(4,337,991)</u>	<u>(2,814,277)</u>
Net assets		<u>10,297,690</u>	<u>8,410,317</u>
Capital and reserves			
Called up share capital		6,900	6,900
Capital redemption reserve		4,000	4,000
Profit and loss account		<u>10,286,790</u>	<u>8,399,417</u>
Total equity		<u>10,297,690</u>	<u>8,410,317</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 £1,887,373 (2019 - profit of £1,765,076).

Approved and authorised by the Board on 15 July 2021 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 2020

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2020	6,900	4,000	8,239,453	8,250,353
Profit for the year	-	-	1,826,602	1,826,602
Other comprehensive income	-	-	(213,618)	(213,618)
Total comprehensive income	-	-	1,612,984	1,612,984
At 31 December 2020	6,900	4,000	9,852,437	9,863,337
	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

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 2020

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2020	6,900	4,000	8,399,417	8,410,317
Profit for the year	-	-	1,887,373	1,887,373
Total comprehensive income	-	-	1,887,373	1,887,373
At 31 December 2020	6,900	4,000	10,286,790	10,297,690
	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

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 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Profit for the year		1,612,984	1,657,159
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	603,887	544,989
Revaluation of fixed assets on consolidation		3,515	54
Finance income		(33,108)	123,657
Finance costs	6	303,002	672,153
Income tax expense	10	367,688	146,548
		<u>2,857,968</u>	<u>3,144,560</u>
Working capital adjustments			
Decrease in stocks	13	2,200,155	3,808,910
Decrease in trade debtors	14	2,395,804	7,215,072
Decrease in trade creditors	16	<u>(2,539,665)</u>	<u>(7,699,513)</u>
Cash generated from operations		4,914,262	6,469,029
Income taxes (paid)/received	10	<u>(247,485)</u>	<u>154,478</u>
Net cash flow from operating activities		<u>4,666,777</u>	<u>6,623,507</u>
Cash flows from investing activities			
Interest received		33,108	(123,657)
Acquisitions of tangible assets		(295,994)	(560,133)
Acquisition of investments in joint ventures and associates	12	<u>(23,731)</u>	<u>-</u>
Net cash flows from investing activities		<u>(286,617)</u>	<u>(683,790)</u>
Cash flows from financing activities			
Interest paid	6	(303,002)	(672,153)
Proceeds from bank borrowing draw downs		2,500,000	1,832,362
Repayment of bank borrowing		(810,416)	(2,167,432)
Payments to finance lease creditors		<u>(12,196)</u>	<u>(283,772)</u>
Net cash flows from financing activities		<u>1,374,386</u>	<u>(1,290,995)</u>
Net increase in cash and cash equivalents		5,754,546	4,648,722
Cash and cash equivalents at 1 January		<u>(10,058,551)</u>	<u>(14,707,273)</u>
Cash and cash equivalents at 31 December	15	<u><u>(4,304,005)</u></u>	<u><u>(10,058,551)</u></u>

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 2020

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 15 July 2021.

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 2020

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2020.

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 2020

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 2020

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

Goodwill

Amortisation method and rate

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 2020

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 2020

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:

	2020	2019
	£	£
Sale of goods	<u>65,210,236</u>	<u>76,681,393</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 2020

4 Other operating income

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

	2020 £	2019 £
Government grants	508,874	-
Foreign exchange (losses) gains	505,735	733,742
	<u>1,014,609</u>	<u>733,742</u>

The government grants received in 2020 relate to Covid-19 assistance in retaining employee services, in the UK £287,738 was provided through the Coronavirus Job Retention Scheme and in the US £221,136 was provided through the Paycheck Protection Programme.

5 Operating profit

Arrived at after charging/(crediting)

	2020 £	2019 £
Depreciation expense	603,887	544,989
Operating lease expense - property	189,226	186,932
Operating lease expense - plant and machinery	182,574	404,375
Operating lease expense - other	36,914	52,504

6 Interest payable and similar expenses

	2020 £	2019 £
Interest on bank overdrafts and borrowings	301,829	643,767
Interest on obligations under finance leases and hire purchase contracts	1,173	28,386
	<u>303,002</u>	<u>672,153</u>

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

7 Staff costs

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

	2020	2019
	£	£
Wages and salaries	8,900,416	8,471,910
Social security costs	860,720	806,133
Pension costs, defined contribution scheme	190,001	170,147
	<u>9,951,137</u>	<u>9,448,190</u>

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

	2020	2019
	No.	No.
Administration and support	85	84
Sales	78	95
	<u>163</u>	<u>179</u>

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020	2019
	£	£
Remuneration	433,104	396,478
Contributions paid to money purchase schemes	49,724	50,164
	<u>482,828</u>	<u>446,642</u>

In respect of the highest paid director:

	2020	2019
	£	£
Remuneration	248,054	210,771
Company contributions to money purchase pension schemes	8,863	16,236
	<u>256,917</u>	<u>227,007</u>

9 Auditors' remuneration

	2020	2019
	£	£
Audit of these financial statements	<u>25,000</u>	<u>25,000</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 2020

10 Taxation

Tax charged/(credited) in the income statement

	2020 £	2019 £
Current taxation		
UK corporation tax	446,867	369,639
UK corporation tax adjustment to prior periods	<u>(79,179)</u>	<u>(223,091)</u>
	<u>367,688</u>	<u>146,548</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2019 - lower than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Profit before tax	<u>2,194,290</u>	<u>1,814,170</u>
Corporation tax at standard rate	416,915	344,692
Effect of expense not deductible in determining taxable profit	5,202	73,156
Decrease from effect of tax incentives	(79,179)	(223,091)
Tax increase/(decrease) from effect of capital allowances and depreciation	13,188	(66,741)
Tax increase arising from overseas tax suffered	<u>11,562</u>	<u>18,532</u>
Total tax charge	<u>367,688</u>	<u>146,548</u>

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

11 Tangible assets

Group

	Land and buildings £	Office equipment £	Plant and machinery £	Total £
Cost or valuation				
At 1 January 2020	3,487,439	1,406,333	2,657,375	7,551,147
Revaluation on consolidation	-	(7,095)	-	(7,095)
Additions	-	218,227	77,767	295,994
Disposals	-	(42,783)	-	(42,783)
At 31 December 2020	<u>3,487,439</u>	<u>1,574,682</u>	<u>2,735,142</u>	<u>7,797,263</u>
Depreciation				
At 1 January 2020	172,622	685,195	518,606	1,376,423
Revaluation on consolidation	-	(3,580)	-	(3,580)
Charge for the year	46,034	287,864	269,989	603,887
Eliminated on disposal	-	(42,783)	-	(42,783)
At 31 December 2020	<u>218,656</u>	<u>926,696</u>	<u>788,595</u>	<u>1,933,947</u>
Carrying amount				
At 31 December 2020	<u>3,268,783</u>	<u>647,986</u>	<u>1,946,547</u>	<u>5,863,316</u>
At 31 December 2019	<u>3,314,817</u>	<u>721,138</u>	<u>2,138,769</u>	<u>6,174,724</u>

Included within the net book value of land and buildings above is £3,268,783 (2019 - £3,314,817) 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:

	2020 £	2019 £
Plant and machinery	-	455,066
Office equipment	-	159,559
	<u>-</u>	<u>614,625</u>

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

Company

	Land and buildings £	Office equipment £	Plant and machinery £	Total £
Cost or valuation				
At 1 January 2020	3,487,439	1,292,333	2,657,375	7,437,147
Additions	-	163,723	72,151	235,874
Disposals	-	(16,748)	-	(16,748)
At 31 December 2020	<u>3,487,439</u>	<u>1,439,308</u>	<u>2,729,526</u>	<u>7,656,273</u>
Depreciation				
At 1 January 2020	172,622	623,915	518,606	1,315,143
Charge for the year	46,034	268,933	269,649	584,616
Eliminated on disposal	-	(16,748)	-	(16,748)
At 31 December 2020	<u>218,656</u>	<u>876,100</u>	<u>788,255</u>	<u>1,883,011</u>
Carrying amount				
At 31 December 2020	<u>3,268,783</u>	<u>563,208</u>	<u>1,941,271</u>	<u>5,773,262</u>
At 31 December 2019	<u>3,314,817</u>	<u>668,418</u>	<u>2,138,769</u>	<u>6,122,004</u>

Included within the net book value of land and buildings above is £3,268,783 (2019 - £3,314,817) 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:

	2020 £	2019 £
Plant and machinery	-	455,066
Office equipment	-	159,559
	<u>-</u>	<u>614,625</u>

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

12 Investments

Company

	2020	2019
	£	£
Investments in subsidiaries	<u>113,542</u>	<u>113,542</u>

Subsidiaries

Cost or valuation

At 1 January 2020	<u>113,542</u>
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Carrying amount

At 31 December 2020	<u>113,542</u>
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At 31 December 2019	<u>113,542</u>
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Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

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	
			2020	2019
Subsidiary undertakings				
Astute Electronics Inc	USA	Ordinary	80%	80%
Astute Electronics Trading (Shanghai) Co Ltd		Ordinary	100%	100%
	China			
Astute Electronics Pty Ltd	Australia	Ordinary	100%	100%
Joint ventures				
Astute Electronics GmbH	Germany	Ordinary	50%	50%

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

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

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

13 Stocks

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Other inventories	<u>4,559,848</u>	<u>6,760,003</u>	<u>4,292,809</u>	<u>5,887,549</u>

Group

The cost of stocks recognised as an expense in the year amounted to £49,400,947 (2019 - £60,169,100).

Impairment of inventories

The amount of impairment loss included in profit or loss is £375,306 (2019 - £480,809).

Company

The cost of stocks recognised as an expense in the year amounted to £42,678,166 (2019 - £53,549,247).

Impairment of inventories

The amount of impairment loss included in profit or loss is £325,619 (2019 - £338,958).

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

14 Debtors

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	15,143,173	17,866,541	13,226,087	14,620,412
Amounts owed by group companies	-	-	3,880,504	3,856,248
Other debtors	112,556	267,254	81,341	230,495
Called up share capital not paid	900	900	900	900
Prepayments	803,130	320,868	794,807	285,331
	<u>16,059,759</u>	<u>18,455,563</u>	<u>17,983,639</u>	<u>18,993,386</u>
Total current trade and other debtors				

15 Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Cash on hand	1,500	6,506	1,500	6,451
Cash at bank	3,877,620	148,594	2,250,897	148,594
	3,879,120	155,100	2,252,397	155,045
Bank overdrafts	(8,183,125)	(10,213,651)	(8,066,429)	(10,122,953)
Cash and cash equivalents in statement of cash flows	<u>(4,304,005)</u>	<u>(10,058,551)</u>	<u>(5,814,032)</u>	<u>(9,967,908)</u>

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

16 Creditors

		Group		Company	
	Note	2020 £	2019 £	2020 £	2019 £
Due within one year					
Loans and borrowings	20	9,215,841	11,092,693	9,099,145	11,001,995
Trade creditors		4,406,679	5,350,242	4,214,483	5,058,715
Amounts owed to group companies and directors loans		-	-	58,490	155,949
Social security and other taxes		282,386	465,850	268,696	416,985
Outstanding defined contribution pension costs		12,940	28,648	12,940	28,648
Other payables		93,469	476,802	100,000	611,593
Accrued expenses		1,711,974	2,725,571	1,603,097	2,403,427
Income tax liability	10	461,157	340,954	446,848	369,620
		<u>16,184,446</u>	<u>20,480,760</u>	<u>15,803,699</u>	<u>20,046,932</u>
Due after one year					
Loans and borrowings	20	<u>4,337,991</u>	<u>2,814,277</u>	<u>4,337,991</u>	<u>2,814,277</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 £190,001 (2019 - £170,147).

Contributions totalling £12,940 (2019 - £28,648) 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 2020

18 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary shares of £0.001 (2019 - £1) each	<u>6,000,000</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>

Allotted, called up and not fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary shares of £0.001 (2019 - £1) each	<u>900,000</u>	<u>900</u>	<u>900</u>	<u>900</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).

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 2020

20 Loans and borrowings

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Non-current loans and borrowings				
Bank borrowings	<u>4,337,991</u>	<u>2,814,277</u>	<u>4,337,991</u>	<u>2,814,277</u>

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Current loans and borrowings				
Bank borrowings	1,032,716	866,846	1,032,716	866,846
Bank overdrafts	8,183,125	10,213,651	8,066,429	10,122,953
Finance lease liabilities	-	12,196	-	12,196
	<u>9,215,841</u>	<u>11,092,693</u>	<u>9,099,145</u>	<u>11,001,995</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 £2,870,706 (2019 - £2,904,638).

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 £2,500,000 (2019 - £Nil).

80% of the CLBILS reducing loan facility is guaranteed.

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

21 Obligations under leases and hire purchase contracts

Group

Finance leases

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	-	12,196

Operating leases

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	326,561	244,841
Later than one year and not later than five years	473,516	228,155
	<u>800,077</u>	<u>472,996</u>

Company

Finance leases

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	-	12,196

Operating leases

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	162,545	193,380
Later than one year and not later than five years	172,821	228,155
	<u>335,366</u>	<u>421,535</u>

Astute Electronics Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

22 Commitments

Group

Capital commitments

The total amount contracted for but not provided in the financial statements was £Nil (2019 - £Nil).

Company

Capital commitments

The total amount contracted for but not provided in the financial statements was £Nil (2019 - £Nil).

23 Related party transactions

Group

Expenditure with and payables to related parties

2020

Purchase of goods

Amounts payable to related party

**Other related
parties**

£

425,000

1,020,000

**Other related
parties**

£

425,000

1,052,718

2019

Purchase of goods

Amounts payable to related party

Company

Expenditure with and payables to related parties

2020

Purchase of goods

Amounts payable to related party

**Other related
parties**

£

425,000

1,020,000

**Other related
parties**

£

425,000

1,052,718

2019

Purchase of goods

Amounts payable to related party

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 2020

24 Financial instruments

Group

Categorisation of financial instruments

	2020 £	2019 £
Financial assets that are debt instruments measured at amortised cost	15,256,629	18,134,695
	<u>15,256,629</u>	<u>18,134,695</u>
Financial liabilities measured at amortised cost	19,778,894	22,488,233
	<u>19,778,894</u>	<u>22,488,233</u>

Company

Categorisation of financial instruments

	2020 £	2019 £
Financial assets that are debt instruments measured at amortised cost	17,188,832	18,708,055
	<u>17,188,832</u>	<u>18,708,055</u>
Financial liabilities measured at amortised cost	19,426,146	22,074,604
	<u>19,426,146</u>	<u>22,074,604</u>

Financial assets at amortised cost of the group comprise trade debtors of £15,143,173 (2019 - £17,866,541) and other debtors of £113,456 (2019 - £268,154).

Financial assets at amortised cost of the company comprise trade debtors of £13,226,087 (2019 - £14,620,412), group debtors of £3,880,504 (2019 - £3,856,248) and other debtors of £82,241 (2019 - £231,395).

Financial liabilities measured at amortised cost of the group comprise bank loans and overdrafts of £13,553,832 (2019 - £13,894,774), hire purchase of £0 (2019 - £12,196), trade creditors of £4,406,679 (2019 - £5,350,242) and other creditors and accruals of £1,818,383 (2019 - £3,231,021).

Financial liabilities measured at amortised cost of the company comprise bank loans and overdrafts of £13,437,136 (2019 - £13,804,076), hire purchase of £0 (2019 - £12,196), trade creditors of £4,214,483 (2019 - £5,058,715), group creditors of £58,490 (2019 - £155,949) and other creditors and accruals of £1,716,037 (2019 - £3,043,668).

25 Parent and ultimate parent undertaking

The ultimate controlling party is Mr G I Hill.