

Company Registration No. 01509592 (England and Wales)

RAPID ELECTRONICS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019



RAPID ELECTRONICS LIMITED

COMPANY INFORMATION

Director	J Bates
Company number	01509592
Registered office	Severalls Hall Severalls Lane Colchester Essex CO4 5JS
Auditor	RSM UK Audit LLP Chartered Accountants Marlborough House Victoria Road South Chelmsford Essex CM1 1LN

RAPID ELECTRONICS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

Business review

With over 40 years of distribution experience, Rapid has built a strong reputation within the education and electronics industry for its competitive pricing, fast fulfilment times and high service levels.

Our customers need greater transparency of availability, access to technical information, stable and competitive pricing, a reliable on-time in full delivery and the highest standards of quality and product regulation control.

With this in mind 2019 was a transformational year for Rapid. Successfully gaining certification for a new Integrated Management System covering ISO9001 quality management, ISO45001 Occupational Health and Safety Management and ISO14001 Environmental Management. To achieve this a significant level of business process review, recruitment, training, production flow movement, systems upgrade, and implementation of standards was delivered.

Industry Proposition and Performance

Rapid has evolved and changed into a more capable and flexible business and can offer customers much more than they currently utilise. Our industry teams are actively engaging with customers to develop relationships and demonstrate cost effective and reliable supply chain services.

In 2019 Rapid also strengthened its technical capabilities creating a Technical and Quality Control Department and in-house product testing capabilities. The team proactively reduce potential risks to product quality and to verify manufacturers test certifications and declarations to justify our customers confidence in Rapiers products and services.

To proactively limit potential availability impacts Rapid introduced a new service proposition "Customer Programmes" covering forward, schedule and call off orders. Customer Programmes is designed for customers who want to reduce potential risks within their supply chain and need a partner they can trust and rely on. We fix the product price, guarantee the stock, whilst giving the customer complete flexibility over their deliveries.

Customer Programmes achieved year on year net sales' growth of 2% and strategic brand sales increased by 3% highlighting our improving business relationships with our manufacturing customers. The Industry Sector achieved year on year net sales growth of 1% during 2019 in an unpredictable and extremely competitive marketplace.

Education Proposition and Performance

Rapid's capabilities for designing, manufacturing and sourcing electronics products, lesson kits and classroom consumables has a strong brand reputation within the Education market. Product ranges are focused across Science, Design Technology and Computer Science curriculums, aimed at all levels of education specifically Higher Education and Key Stages 1 to 5.

Rapid's Education team has extensive teaching experience and selects products very carefully to ensure ease of use within lessons.

In 2018 there was an exciting explosion of robotic platforms for education purposes and Rapid has succeeded in positioning itself as the market leader in this technology area with an experienced team to provide technical advice to support choosing which products are best for different types of learning objectives. Rapid now provides customer site workshops with pupils and teachers around specific robot technologies and this is a key part of Rapiers education services for 2020.

The science curriculum is another area which has been strengthened. During 2019 Rapid Education broadened its scientific and chemical product ranges for both schools and universities and was awarded the SUPC framework for Laboratory Consumables & Chemicals.

Successful eCommerce implementations, project wins and new product launches increased net sales year on year for the HE/FE sector by 4%. Education sales declined by 3.7% with a continual reduction in demand for electronic components.

RAPID ELECTRONICS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Replenishh - EV Solutions

The Electric Vehicle market is an exciting and innovative new market with strong environmental drivers and a constantly evolving potential. Automotive manufacturers are starting to release more widely affordable electric cars with ranges making their use more practical. Due to Rapid's centralised business model, supply chain and technical competence across electronics, electrical, robotics and software development we are well placed to play a big part in the market's infrastructure revolution.

In 2019 Replenishh was launched, an EV charging solution dedicated to building the EV infrastructure within the UK. Our mission is simple: to make EV installation a more straightforward process for customers across the commercial, public and domestic markets. We are a "one stop shop" offering a wide range of services for installers, contractors and EV providers including training, project specification, supply chain and project management and customer service.

Working closely with leading charge point manufacturers, we stock a comprehensive range of products from standard AC and rapid DC charging stations to charging cables, switchgear, charging management software and earthing equipment.

In 2019 Replenishh trained over 120 engineers across 90 electrical contractors, fulfilled a large number of both AC (Standard) and DC (Rapid) projects and specified over 250 future EV installation projects across multi-residential, workplace, car dealerships and domestic customers. At the end of 2019 www.replenishh.com was launched as a EV specific, fully transactional B2B website, with a EV systems product configurator to make light work of project specification for our customers.

Results from EV solutions doubled year on year, slightly below expectations, although results were strong and present an exciting opportunity for further investment. Internal systems have been upgraded to enable the customer proposition to scale, demonstrating good progress in a promising new area for business growth.

Consumer and Export Proposition and Performance

Rapid's consumer segments net sales declined year on year by 12% in 2019, partly market driven due to the political instability and partly due to increased UK marketplace competition.

The competitive nature of traffic acquisition has led to increased costs and reduced margins, leading to a change in business strategy for this customer group. Consumer results were below expectations and plans are in place to change this trend during Q1 of 2020.

Export sector sales declined slightly in 2019 which reflects the challenges within the political and economic situation regarding Brexit. Rapid supports specification, sourcing, consolidation and exporting services which continue to present an opportunity for growth in 2020.

Overall results were below expectation and highlight the need for improvements for 2020.

Profit and loss account 2019

In the year ended 31 December 2019, net revenue declined by 3.1% to £20.7m (2018: £21.3m), resulting in a gross profit of £6.71m (2018: £7.06).

Marketing costs exceeded budget based on exhibition costs. Digital acquisition investment was less efficient compared with prior year due to competitive landscape.

Unforeseen building repairs and maintenance were required across the operation to achieve new internal operational standards and provide the basis for wider enhancements to Rapid service offer.

Administrative expenses were principally driven by restructuring costs and additional personnel in Web Development, Operations and Continuous Improvement to enable faster execution of our operational upgrade during 2019.

Investment in technology prioritised the strengthening and securing of current business systems including big data management, network infrastructure and disaster recovery. This provides a platform to implement new commercially beneficial services and process enhancements.

RAPID ELECTRONICS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

A decision to protect employees during the market downturn was taken which kept personnel costs in line with 2018 despite reduced revenues and increased operational costs.

Profit before tax was £1.24m (2018 £1.82m).

The director considers the results for the year to be in line with expectations given the market trading conditions and the scale of ongoing internal changes throughout the business.

The statement of income and retained earnings is set out on page 6. A summary of the results along with other selected Key Performance Indicators is as follows:

	2019 £'000	2018 £'000
Revenue	20,650	21,320
Profit before tax	1,244	1,823
Tax	(210)	(329)
Profit for the year after tax	1,035	1,494
Return on Sales	6.0%	8.6%
Revenue per employee	172	169
Profit after tax per employee	8.62	11.9
Net cash and cash equivalents	1,810	1,974

Revenue, profit before tax and net cash are monitored against budget and prior year by the director and senior management team. Significant variances are discussed along with any required remedial action.

The decrease in return on sales is the result of what has been a challenging year.

Business Model

2019 was a transformational year for Rapid, with 4 customer segments clearly identified, customer propositions strengthened and a company-wide change program. Great progress was made regarding the capability of the management team, the engagement of our employees, the knowledge and skills within our operations team and the growing performance culture within the organisation.

Continuing our focus on employee wellbeing, training and career development we are creating a vibrant and progressive culture of people who share the same passion for technology and learning.

Quality

Gaining accreditation to ISO9001, ISO45001 and ISO14001 has built a strong business management system which demonstrably increases our ability to perform to a high standard for our customers. Based on this success, we are now working towards ISO17025 for the competence of testing and calibration laboratories and EN61340-5-1 the protection of electronic devices from electrostatic phenomena which will further advance our ability to provide services to our manufacturing customers.

A comprehensive business continuity plan has been created and tested which strengthens our operational reliability and suitability for both current and future customers or contracts.

Customer Service Excellence

In 2019 Rapid worked towards and achieved the Customer Service Excellence accreditation in accordance with the requirements of the cabinet office. A customer charter was created and rolled out across the business and many processes were improved or introduced to increase how we gain feedback, measure service levels, share results, improve design of services and engage and train the business on their influence over customer satisfaction.

RAPID ELECTRONICS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Distribution

Rapid's HSL business model, coupled with flexibility to manage forward or scheduled orders or complicated kitting provides a strong proposition for any customer looking to consolidate their supply routes. Rapid is experienced in dealing with many of the UK's distribution businesses and provides a scalable, reliable route to market utilising a market leading web platform with customer service teams ready to support every step of the customer journey.

Objectives and Strategies

Customer relationships are at the heart of the 2020 strategy with a fantastic product and service offer for our target customers. There are no barriers regarding service, price, or market fit, which provides an exciting challenge for our sales and marketing teams to attract new customers and develop existing customers understanding of Rapid's broad range and services:

Trained Rapid specialists working with customers in their specific field of interest proves successful, which is why each customer segment has an experienced team dedicated to their needs. Building our ecommerce capability alongside our technical specialists is designed to support the customer in their transactional requirements while not removing the need for interaction, discussion and collaboration. Enhanced resources on this basis will be implemented in 2020.

Supplier consolidation was a successful 2019 project with a .18% reduction achieved to improve the quality and reliability of our supply chain. Deeper range development and increased technical knowledge within the business from our chosen strategic suppliers will support our customer strategies.

Rapidonline.com remains critical to Rapid's business success and has new partnerships in areas which create strategic advantage through new AI technologies. Rapid will continue to develop ease of use, speed and relevancy for specific customer types. In 2020 new interactive functionality will be realised to further enhance the customer experience to provide instant flexibility with enhanced products and services.

Covid-19

Covid-19 was declared a pandemic on 11th March 2020 and immediately impacted all our stakeholders including employees, customers, suppliers. The company immediately implemented a business continuity plan in line with government guidance. The Company is considered an essential business due to providing components and consumables to manufacturers, PPE and hygiene products to private and public sector companies which is why Rapid continued to operate throughout the pandemic and both UK lockdowns although customer demand was impacted.

Education and Manufacturing customer segments were significantly impacted during the lockdowns and remain at lower levels than 2018/19. Consumer and EV customer segments grew throughout the period and provided Rapid with strong results considering the nationwide impact.

Manufacturers and Logistics service providers were impacted through lack of personnel resources, availability of materials and a reduced capacity. Due to the fact we order into stock our customers have been largely protected by these potential risks. These delays have improved but are still prevalent in some technology areas.

The Company prepared short, medium and long term forecasts, flexed for various scenarios to assess the cash requirements of the business and headroom within available facilities. Forecasts are continually assessed as the conditions around the pandemic evolve.

Commercial and operational objectives were reviewed to prioritise our resources towards Consumer and EV customer segments which delivered increased revenues. These changes put pressure on margin, although costs were reduced to mitigate this impact.

The company utilised the government furlough support scheme with both operational and non-essential office-based staff which provided a temporary mechanism to retain staff in areas with reduced workloads based on the market impact. The option to defer a VAT payment was also utilised.

New COVID-19 policies and processes were implemented and regular meetings both internal and Group were carried out for financial and safety planning. In June 2020 the Company successfully re-certified the Integrated Management System to ISO9001, ISO14001 and ISO45001 under new "COVID-19 safe" operational processes.

RAPID ELECTRONICS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

The Company continues to operate within its existing financial resources, benefitting from strong, long term relationships with its suppliers and customers. In light of this and having reviewed the Company's forecasts and projections, the Directors are of the opinion that the Company has adequate resources and considers it appropriate for the financial statements to be prepared on a going concern basis.

Principal Risks and Uncertainties

Risk	Potential Impact	Mitigations
<p>Brexit The decision to leave the European Union could have a significant impact on business within the UK and Europe.</p>	<p>Lack of clarity regarding Brexit leads to low market confidence which can impact customer demand for Rapids products. The import and export of products to the EU could be subject to tariffs. Delays in imports and exports due to potential increased administration.</p>	<p>The business has a Brexit and no-Deal plan which has been implemented. Will monitor the UK and EU negotiations and will develop business strategies to minimise the potential impact.</p>
<p>Business disruption The company's distribution operations could be subjected to disruption due to factors such as a major fire or failure of essential IT equipment.</p>	<p>Incidents such as fire or the failure of key IT systems could result in the temporary cessation of operations adversely affecting its financial results.</p>	<p>Procedures have been implemented for disaster recovery and business continuity. The company maintains adequate insurance to cover business interruption and damage to property and stock from such events</p>
<p>Fraud The risk that an employee or group of employees could obtain funds or products through deception either directly or with external assistance</p>	<p>Significant financial fraud could deplete the company's assets and affect the financial results.</p>	<p>The company has a series of control procedures in place which are designed to minimise the risk and which are reviewed periodically. Segregation of duties are a key component within these controls</p>
<p>Foreign exchange risk The risk that the fair value of a financial instrument or future cash flows will fluctuate because of changes in foreign exchange rates. The company's risk relates primarily to its trading activities in Asia and Europe</p>	<p>Exchange rate fluctuations may adversely affect the company's financial results</p>	<p>The company undertakes some activities in the Eurozone where purchases of products denominated in Euros provide an element of natural hedging for sales in Euros. Additional currency purchases, above the forecast requirement, are made when rates are favourable.</p>
<p>Credit risk The company is exposed to credit risk from its trading activities primarily from trade receivables</p>	<p>The failure of a customer to meet their financial obligation could result in a financial loss to the company</p>	<p>Credit quality of the customer is assessed based on third party scoring and individual credit limits are defined in accordance with this assessment. Outstanding receivables are regularly monitored and customer orders are held when payment terms are exceeded.</p>

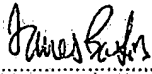
RAPID ELECTRONICS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

<p>Liquidity risk</p> <p>The risk that the company will not be able to meet its financial obligations as they fall due.</p>	<p>Insufficient funds could result in the company not being able to fund its operations</p>	<p>The company's approach to managing liquidity is to ensure that it will always have sufficient funds to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.</p> <p>The company maintains a close relationship with its UK bank to support liquidity should the need arise.</p>
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On behalf of the board



J Bates

Director

1/12/2020

RAPID ELECTRONICS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The director presents his annual report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the company continued to be that of the wholesale, distribution and retail of electronic components, equipment and tools.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J Bates

J Bell

(resigned 13 March 2019)

Results and dividends

The results for the year are set out on page 12.

Interim ordinary dividends were paid during the year amounting to £952,875 (2018: £1,015,827). The director does not recommend payment of a final dividend.

Qualifying third party indemnity provisions

Qualifying third party indemnity provision for the benefit of all directors of the company has been put in place by another group company.

Going concern

The Covid-19 outbreak was declared a pandemic on the 11 March 2020 and will have an impact on the Company results for the year ended 31 December 2019. The Directors have assessed that Covid-19 has had a financial impact on the business with a reduction in revenue but with corresponding reduction in related costs. The Directors also elected to make use of the governments furlough scheme in order to protect the business and mitigate the impact of Covid-19. The Company continued to trade during the lockdown period through its online offering albeit at reduced levels.

The Directors have assessed that the true impact of Covid-19 cannot be reliably quantified but have incorporated additional sensitivities into detailed profit and loss and cashflow forecasts, satisfying themselves that the Company remains a going concern for a period of at least 12 months from approval of the financial statements. The Directors have assessed the impact of Covid-19 on the business and are satisfied that this is a non-adjusting post balance sheet event and the accounts have been prepared to reflect this assessment.

Auditor

RSM UK Audit LLP, Chartered Accountants, have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Statement of disclosure to auditor

So far as the director is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the director has taken all the necessary steps that he ought to have taken as director in order to make himself aware of all relevant audit information and to establish that the company's auditor is aware of that information.

RAPID ELECTRONICS LIMITED


DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Matters of Strategic Importance

Information is not shown within the Director's Report as it is instead included within the Strategic Report under S414c(11).

On behalf of the board



J Bates
Director

Date: 1.12.20

RAPID ELECTRONICS LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAPID ELECTRONICS LIMITED

Opinion

We have audited the financial statements of Rapid Electronics Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of income and retained earnings, the statement of financial position 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAPID ELECTRONICS LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the director's 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the director

As explained more fully in the director's responsibilities statement set out on page 9, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of this 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 him 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.

RSM UK Audit LLP

Kerry Norman (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Marlborough House
Victoria Road South
Chelmsford
Essex, CM1 1LN
4/12/2020

RAPID ELECTRONICS LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
	Notes	£	£
Turnover	3	20,650,278	21,319,936
Cost of sales		(13,936,901)	(14,253,029)
Gross profit		<u>6,713,377</u>	<u>7,066,907</u>
Administrative expenses		(5,488,582)	(5,260,997)
Operating profit	4	1,224,795	1,805,910
Interest receivable and similar income	7	19,483	17,514
Profit before taxation		<u>1,244,278</u>	<u>1,823,424</u>
Taxation	8	(209,522)	(329,381)
Profit for the financial year		1,034,756	1,494,043
Retained earnings brought forward		6,272,406	5,794,190
Dividends	9	(952,875)	(1,015,827)
Retained earnings carried forward		<u><u>6,354,287</u></u>	<u><u>6,272,406</u></u>

The income statement has been prepared on the basis that all operations are continuing operations.

RAPID ELECTRONICS LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Intangible assets	10		39,338		28,300
Tangible assets	11		357,986		347,414
			<u>397,324</u>		<u>375,714</u>
Current assets					
Stocks	12	4,649,906		4,732,825	
Debtors	13	3,170,712		2,972,244	
Cash at bank and in hand		1,810,013		1,974,282	
			<u>9,630,631</u>		<u>9,679,351</u>
Creditors: amounts falling due within one year	14	(2,826,551)		(2,940,276)	
Net current assets			<u>6,804,080</u>		<u>6,739,075</u>
Total assets less current liabilities			<u>7,201,404</u>		<u>7,114,789</u>
Provisions for liabilities	15		(37,115)		(32,381)
Net assets			<u><u>7,164,289</u></u>		<u><u>7,082,408</u></u>
Capital and reserves					
Called up share capital	17		810,002		810,002
Profit and loss reserves	18		6,354,287		6,272,406
Total equity			<u><u>7,164,289</u></u>		<u><u>7,082,408</u></u>

The financial statements were approved and signed by the director and authorised for issue on 1.12.20



J Bates
Director

RAPID ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Rapid Electronics Limited is a private company limited by shares incorporated in England and Wales. The registered office and principal place of business is Severalls Hall, Severalls Lane, Colchester, Essex, CO4 5JS.

The company's principal activities and nature of its operations are disclosed in the Director's Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. All amounts are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

As a result of being a qualifying entity, the Company has taken advantage of the exemptions from the following disclosure requirements in accordance with FRS102'

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Rapid Electronics Holdings Limited. These consolidated financial statements are available from Companies House.

Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, a period of at least 12 months from the approval of the financial statements. As part of their assessment, the Directors have prepared detailed profit and loss and cashflow forecasts for the company which take into account their best estimate of the impact of the impact of Covid-19 on the business, and these demonstrate that the company has sufficient cash for the foreseeable future. Performance during the Covid-19 period has been assessed and although revenue, costs and profit are down overall, gross and net profit margins remain similar to pre-Covid levels following a series of mitigating steps taken by management including use of the governments furlough scheme.

It is expected that the impact of Covid-19 will not have a material impact of the ability of the company to continue to operate as a going concern and as such the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover represents the invoiced value, net of Value Added Tax, of goods sold provided to customers and is recognised when invoices are raised upon despatch of goods.

RAPID ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Intangible fixed assets other than goodwill

Intangible assets are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following basis:

Purchased computer software	33.3% straight line
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Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the remaining useful life of the lease
Plant and machinery	15% reducing balance or straight line over the remaining useful life of the asset (12-240 months)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

RAPID ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost of finished goods includes all costs incurred in bringing the product to its present location and condition. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items. Cost is computed on a first in, first out basis.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors, accrued income and amounts due from group undertakings are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, accruals and amounts due to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

RAPID ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense.

Current and deferred tax is charged or credited to the profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable. Differences between contributions payable in the year and contributions actually paid are shown as either other debtors or other creditors in the balance sheet.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

RAPID ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Provisions

The Company has recognised provisions for impairment of inventories, impairment of trade receivables, employee bonuses and income tax in its financial statements which requires management to make judgements. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors.

Useful lives of property, plant and equipment

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives of the Company's assets are determined by management at the time the asset is acquired and reviewed at least annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2019	2018
	£	£
Turnover analysed by class of business		
Sale of goods	20,650,278	21,319,936

RAPID ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3 Turnover and other revenue (Continued)

	2019	2018
	£	£
Other revenue		
Interest income	19,483	17,514

	2019	2018
	£	£
Turnover analysed by geographical market		
United Kingdom	19,546,452	20,087,060
Rest of European Union	758,359	816,738
Rest of World	345,467	416,138
	<u>20,650,278</u>	<u>21,319,936</u>

4 Operating profit

	2019	2018
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	57,394	1,090
Fees payable to the company's auditor for the audit of the company's financial statements	12,490	11,895
Depreciation of owned tangible fixed assets	54,009	51,073
Amortisation of intangible assets	9,518	9,373
Cost of stocks recognised as an expense	11,995,634	12,109,694
Stock impairment losses recognised	247,936	246,631
Operating lease charges	309,696	301,406

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019	2018
	Number	Number
Office	72	75
Warehouse	47	50
Directors	1	1
	<u>120</u>	<u>126</u>

RAPID ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

5 Employees (Continued)

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	3,032,818	2,970,452
Social security costs	258,716	274,480
Pension costs	188,498	170,520
	<u>3,480,032</u>	<u>3,415,452</u>

6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	125,836	101,712
Company pension contributions to defined contribution schemes	7,049	5,902
	<u>132,885</u>	<u>107,614</u>

The number of directors for whom retirement benefits accrued during the year under defined contribution schemes amounted to 1 (2018 - 1).

7 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	9,935	7,809
Interest receivable from group companies	9,440	9,487
Other interest income	108	218
Total income	<u>19,483</u>	<u>17,514</u>

8 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	233,571	321,427
Adjustments in respect of prior periods	(28,783)	(15,500)
Total current tax	<u>204,788</u>	<u>305,927</u>

RAPID ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

8 Taxation (Continued)

Deferred tax		
Origination and reversal of timing differences	3,664	23,454
Adjustment in respect of prior periods	1,070	-
	<u>4,734</u>	<u>23,454</u>
Total deferred tax	4,734	23,454
	<u>209,522</u>	<u>329,381</u>
Total tax charge	209,522	329,381

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	<u>1,244,278</u>	<u>1,823,424</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	236,413	346,451
Tax effect of expenses that are not deductible in determining taxable profit	931	488
Adjustments in respect of prior years	(27,713)	(15,500)
Changes in tax rate	(431)	(2,762)
Fixed asset timing differences	322	704
	<u>209,522</u>	<u>329,381</u>
Taxation charge for the year	209,522	329,381

9 Dividends

	2019 £	2018 £
Interim paid	<u>952,875</u>	<u>1,015,827</u>

RAPID ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

10 Intangible fixed assets

	Purchased computer software £
Cost	
At 1 January 2019	940,043
Additions - separately acquired	20,556
Disposals	(376,935)
At 31 December 2019	583,664
Amortisation and impairment	
At 1 January 2019	911,743
Amortisation charged for the year	9,518
Disposals	(376,935)
At 31 December 2019	544,326
Carrying amount	
At 31 December 2019	39,338
At 31 December 2018	28,300

The amortisation of intangible assets is included within administrative expenses.

11 Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Total £
Cost			
At 1 January 2019	18,825	1,750,471	1,769,296
Additions	-	64,581	64,581
Disposals	-	(6,556)	(6,556)
At 31 December 2019	18,825	1,808,496	1,827,321
Depreciation and impairment			
At 1 January 2019	11,727	1,410,155	1,421,882
Depreciation charged in the year	3,703	50,306	54,009
Eliminated in respect of disposals	-	(6,556)	(6,556)
At 31 December 2019	15,430	1,453,905	1,469,335
Carrying amount			
At 31 December 2019	3,395	354,591	357,986
At 31 December 2018	7,098	340,316	347,414

RAPID ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

12 Stocks

	2019	2018
	£	£
Finished goods and goods for resale	4,649,906	4,732,825

13 Debtors

Amounts falling due within one year:	2019	2018
	£	£
Trade debtors	2,176,612	1,845,580
Amounts owed by group undertakings	879,158	913,632
Other debtors	17,593	8,556
Prepayments and accrued income	97,349	204,476
	<u>3,170,712</u>	<u>2,972,244</u>

14 Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	2,029,751	2,047,375
Amounts owed to group undertakings	20,320	48,951
Corporation tax	91,887	142,527
Other taxation and social security	306,367	260,353
Other creditors	27,857	25,079
Accruals and deferred income	350,369	415,991
	<u>2,826,551</u>	<u>2,940,276</u>

15 Provisions for liabilities

	Notes	2019	2018
		£	£
Deferred tax liabilities	16	<u>37,115</u>	<u>32,381</u>

RAPID ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

16 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2019 £	Liabilities 2018 £
Balances:		
Accelerated capital allowances	47,610	42,647
Other timing differences	(10,495)	(10,266)
	<u>37,115</u>	<u>32,381</u>
		2019
Movements in the year:		£
Liability at 1 January 2019		32,381
Charge to profit or loss		4,734
		<u>37,115</u>
Liability at 31 December 2019		<u>37,115</u>

The deferred tax liability is expected to decrease by £10,495 in the next 12 months.

17 Share capital

	2019 £	2018 £
Ordinary share capital issued and fully paid		
810,002 Ordinary shares of £1 each	<u>810,002</u>	<u>810,002</u>

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

18 Reserves

Profit and loss reserve

The profit and loss reserve represents the cumulative profit and loss net of distribution to owners.

RAPID ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

19 Retirement benefit schemes

	2019	2018
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	188,498	170,520

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions totalling £24,178 (2018: £19,707) were payable to the fund at the year end and are included in creditors.

20 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for land and buildings, office equipment and motor vehicles.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019	2018
	£	£
Within one year	294,329	297,763
Between two and five years	32,246	270,817
	<u>326,575</u>	<u>568,580</u>

21 Financial commitments, guarantees and contingent liabilities

The company is contingently liable for £20,000 (2018: £20,000) in respect of an H.M. Revenue and Customs duty deferment guarantee given to enable release of imports prior to payment of duty.

22 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2019	2018
	£	£
Acquisition of tangible fixed assets	7,384	14,269
Acquisition of intangible assets	-	20,556
	<u>7,384</u>	<u>34,825</u>

RAPID ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

23 Ultimate controlling party

The ultimate parent company is Conrad Electronic Regensburg GmbH & Co. KG, a company registered in Germany, which is the parent company of the largest group which will include the company in their consolidated accounts. The registered office of Conrad Electronic Regensburg GmbH & Co. KG is Klaus Conrad Strasse 1, 92240 Hirschau, Germany.

The immediate parent company is Rapid Electronics Holdings Limited, which is the smallest group for which consolidated accounts are prepared including Rapid Electronics Limited. The consolidated accounts of Rapid Electronics Holdings Limited are available to the public and can be obtained from Companies House. The registered office of Rapid Electronics Holdings Limited is Severalls Hall, Severalls Lane, Colchester, Essex, CO4 5JS.

There is deemed to be no ultimate controlling party due to the spread of shareholdings in the ultimate parent company.

24 Post balance sheet events

The Covid-19 outbreak was declared a pandemic on the 11 March 2020 and will have an impact on the Company results for the year ended 31 December 2019. The Directors have assessed that Covid-19 has had a financial impact on the business with a reduction in revenue but with corresponding reduction in related costs. The Directors also elected to make use of the governments furlough scheme in order to protect the business and mitigate the impact of Covid-19. The Company continued to trade during the lockdown period through its online offering albeit at reduced levels.

The Directors have assessed that the true impact of Covid-19 cannot be reliably quantified but have incorporated additional sensitivities into detailed profit and loss and cashflow forecasts, satisfying themselves that the Company remains a going concern for a period of at least 12 months from approval of the financial statements. The Directors have assessed the impact of Covid-19 on the business and are satisfied that this is a non-adjusting post balance sheet event and the accounts have been prepared to reflect this assessment.