

Group Strategic Report,
Report of the Directors and
Consolidated Financial Statements
for the Year Ended 31 July 2023
for
U.K Electronics Limited

Contents of the Consolidated Financial Statements
for the Year Ended 31 July 2023

	Page
Company Information	1
Group Strategic Report	2
Report of the Directors	3
Report of the Independent Auditors	5
Consolidated Income Statement	9
Consolidated Other Comprehensive Income	11
Consolidated Balance Sheet	12
Company Balance Sheet	13
Consolidated Statement of Changes in Equity	14
Company Statement of Changes in Equity	15
Consolidated Cash Flow Statement	16
Notes to the Consolidated Cash Flow Statement	17
Notes to the Consolidated Financial Statements	18

U.K Electronics Limited
Company Information
for the Year Ended 31 July 2023

DIRECTORS:

N G Carr
J I Duckworth
Mrs C Newton
M Ainsworth

REGISTERED OFFICE:

Schofield House
Lion Mill Yard, Fitton Street
Royton
Oldham
Lancashire
OL2 5JX

REGISTERED NUMBER:

01753503 (England and Wales)

AUDITORS:

Hardy & Company (Hyde) Ltd
Chartered Certified Accountants
& Statutory Auditors
Onward Chambers
34 Market Street
Hyde
Cheshire
SK14 1AH

Group Strategic Report
for the Year Ended 31 July 2023

The directors present their strategic report of the company and the group for the year ended 31 July 2023.

REVIEW OF BUSINESS

The Group's principal activity during the year was the manufacture of electronic boards.

Turnover increased from £8.4 million to £9.5 million, with an increase in Pre-Tax Net Profits of £2.0 million compared to the 2022 figure of a profit of £1.8 million.

The electronics component market is now returning to a level previously seen prior to the shortages and problems of supply of the last three years. Many customers are finding their stock levels are too high and consequently deferring orders and deliveries which is impacting turnover in the current financial year. Group turnover for 2023/24 is anticipated to fall by around 25% with a consequential fall in profits."

PRINCIPAL RISKS AND UNCERTAINTIES

Liquidity risk:

The Group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the Group has sufficient liquid resources to meet the operating needs of the business.

The Group manages the risk by maintaining regular contact with existing finance providers to evaluate options in future funding decisions.

Interest rate risk:

The Group is exposed to interest rate risk on deposits.

The Group manages the risk by constantly monitoring their policies to ensure that they are not exposed to short term interest rate movements.

Credit risk:

The Group is not exposed to a high degree of credit risk as surplus funds are minimised due to working capital requirements. These are then retained in either a short term current account or call deposit account as agreed by the Board of Directors.

The Group manages this risk by continuously considering the credit ratings of financial institutes that they have relationships with.

FINANCIAL INSTRUMENTS

The Group's principal instruments are cash balances. In addition, the Company has various other financial assets and liabilities such as trade debtors and trade creditors arising from its operations.

FUTURE DEVELOPMENTS

The Group continues to look at future opportunities to expand its range of products and services whilst ensuring the core business is secured.

ON BEHALF OF THE BOARD:

J I Duckworth - Director

16 April 2024

Report of the Directors
for the Year Ended 31 July 2023

The directors present their report with the financial statements of the company and the group for the year ended 31 July 2023.

DIVIDENDS

No dividends will be distributed for the year ended 31 July 2023.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 August 2022 to the date of this report.

N G Carr
J I Duckworth

Other changes in directors holding office are as follows:

Mrs C Newton and M Ainsworth were appointed as directors after 31 July 2023 but prior to the date of this report.

PURCHASE OF OWN SHARES

On 25 October 2021 the Company purchased 100 of its own ordinary shares of £1 each for £290,000 in order to facilitate the retirement of Gary Howarth, a director of the company. Approval for the transaction was granted by HM Revenue & Customs prior to its completion and upon completion the 100 shares were duly cancelled.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Report of the Directors
for the Year Ended 31 July 2023

AUDITORS

The auditors, Hardy & Company (Hyde) Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

J I Duckworth - Director

16 April 2024

Qualified Opinion

We have audited the financial statements of U.K Electronics Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 July 2023 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 July 2023 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 qualified opinion

We were not appointed as auditor of the group until after 31 July 2021 and thus did not observe the counting of physical inventories on 31 July 2021. We were unable to satisfy ourselves by alternative means concerning the opening inventory quantities held at 1 August 2021, which are included in the profit and loss at £1,833,535, by using other audit procedures. Consequently we were unable to determine whether any adjustment to this amount was necessary.

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 Auditors' 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 qualified opinion.

Conclusions relating to going concern

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

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

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

Key audit matters

ISA (UK) 705 makes clear that for entities within the scope of ISA (UK) 701, the auditor is still required to include a key audit matters section even when issuing a qualified opinion. The matter giving rise to the qualification is by its nature a key audit matter. However, this is not described in detail as part of the key audit matters section and the auditor needs to refer in that section to the basis for qualified opinion section of the audit report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the inventory quantities of £1,833,535 held at 1 August 2021. We have concluded that where the other information refers to the inventory balances such as cost of sales, it may be materially misstated for the same reason.

Opinions on other matters prescribed by the Companies Act 2006

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

Except for the matter described in the basis for qualified opinion section of our report, 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 or 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 three, 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 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.

Auditors' 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the group's and of the parent company we considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditures, and management bias in accounting estimates and judgemental areas of the financial statements such as revenue recognition.

Audit procedures performed by the engagement team included:

- discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud.
- understanding of management's internal controls designed to prevent and detect irregularities.
- reviewing the litigation records in so far as it related to non-compliance with laws and regulations and fraud.
- reviewing relevant meeting minutes.
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.
- testing transactions entered into outside of the normal course of the group's and of the parent company business; and
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.

Paul Robert Campbell (Senior Statutory Auditor)
for and on behalf of Hardy & Company (Hyde) Ltd
Chartered Certified Accountants
& Statutory Auditors
Onward Chambers
34 Market Street
Hyde
Cheshire
SK14 1AH

16 April 2024

Consolidated
Income Statement
for the Year Ended 31 July 2023

		31.7.23	31.7.23	31.7.23
	Notes	Continuing	Discontinued	Total
		£	£	£
TURNOVER		9,256,338	225,379	9,481,717
Cost of sales		(5,852,528)	(176,984)	(6,029,512)
GROSS PROFIT		<u>3,403,810</u>	<u>48,395</u>	<u>3,452,205</u>
Distribution costs		(94,920)	-	(94,920)
Administrative expenses		(1,380,034)	(48,958)	(1,428,992)
		<u>1,928,856</u>	<u>(563)</u>	<u>1,928,293</u>
Other operating income		-	30,000	30,000
		<u> </u>	<u> </u>	<u> </u>
OPERATING PROFIT	4	1,928,856	29,437	1,958,293
Interest receivable and similar income		7,128	-	7,128
Interest payable and similar expenses	5	(5,760)	-	(5,760)
PROFIT BEFORE TAXATION		<u>1,930,224</u>	<u>29,437</u>	<u>1,959,661</u>
Tax on profit	6	(383,780)	-	(383,780)
PROFIT FOR THE FINANCIAL YEAR		<u><u>1,546,444</u></u>	<u><u>29,437</u></u>	<u><u>1,575,881</u></u>
Profit attributable to:				
Owners of the parent				<u><u>1,575,881</u></u>

The notes form part of these financial statements

Consolidated
Income Statement
for the Year Ended 31 July 2023

		31.7.22	31.7.22	31.7.22
	Notes	Continuing £	Discontinued £	Total £
TURNOVER		8,386,287	-	8,386,287
Cost of sales		(5,362,231)	-	(5,362,231)
GROSS PROFIT		<u>3,024,056</u>	<u>-</u>	<u>3,024,056</u>
Distribution costs		(157,470)	-	(157,470)
Administrative expenses		(1,049,497)	-	(1,049,497)
		<u>1,817,089</u>	<u>-</u>	<u>1,817,089</u>
Other operating income		11,927	-	11,927
		<u> </u>	<u> </u>	<u> </u>
OPERATING PROFIT	4	1,829,016	-	1,829,016
Interest receivable and similar income		30	-	30
Interest payable and similar expenses	5	(5,945)	-	(5,945)
PROFIT BEFORE TAXATION		<u>1,823,101</u>	<u>-</u>	<u>1,823,101</u>
Tax on profit	6	(316,741)	-	(316,741)
PROFIT FOR THE FINANCIAL YEAR		<u><u>1,506,360</u></u>	<u><u>-</u></u>	<u><u>1,506,360</u></u>
Profit attributable to:				
Owners of the parent				<u><u>1,506,360</u></u>

The notes form part of these financial statements

Consolidated
Other Comprehensive Income
for the Year Ended 31 July 2023

	31.7.23	31.7.22
Notes	£	£
PROFIT FOR THE YEAR	1,575,881	1,506,360
OTHER COMPREHENSIVE INCOME		
Redemption of share capital	-	(296,232)
Income tax relating to other comprehensive income	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	-	(296,232)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,575,881	1,210,128
Total comprehensive income attributable to: Owners of the parent	1,575,881	1,210,128

The notes form part of these financial statements

Consolidated Balance Sheet
31 July 2023

	Notes	31.7.23 £	£	31.7.22 £	£
FIXED ASSETS					
Intangible assets	9		22,127		-
Tangible assets	10		951,756		441,108
Investments	11		-		-
			<u>973,883</u>		<u>441,108</u>
CURRENT ASSETS					
Stocks	12	2,349,445		2,835,303	
Debtors	13	1,943,913		2,321,269	
Cash at bank and in hand		<u>2,303,054</u>		<u>374,059</u>	
		6,596,412		5,530,631	
CREDITORS					
Amounts falling due within one year	14	<u>1,742,694</u>		<u>2,099,225</u>	
NET CURRENT ASSETS			<u>4,853,718</u>		<u>3,431,406</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,827,601		3,872,514
CREDITORS					
Amounts falling due after more than one year	15		-		(55,805)
PROVISIONS FOR LIABILITIES	19		(64,020)		(78,797)
NET ASSETS			<u><u>5,763,581</u></u>		<u><u>3,737,912</u></u>
CAPITAL AND RESERVES					
Called up share capital	20		946		900
Share premium	21		449,742		-
Capital redemption reserve	21		100		100
Retained earnings	21		<u>5,312,793</u>		<u>3,736,912</u>
SHAREHOLDERS' FUNDS			<u><u>5,763,581</u></u>		<u><u>3,737,912</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 16 April 2024 and were signed on its behalf by:

N G Carr - Director

J I Duckworth - Director

Company Balance Sheet
31 July 2023

	Notes	31.7.23 £	£	31.7.22 £	£
FIXED ASSETS					
Intangible assets	9		-		-
Tangible assets	10		258,960		386,121
Investments	11		492,038		70,000
			<u>750,998</u>		<u>456,121</u>
CURRENT ASSETS					
Stocks	12	2,318,611		2,833,053	
Debtors	13	2,240,958		2,279,474	
Cash at bank and in hand		<u>2,250,102</u>		<u>349,103</u>	
		6,809,671		5,461,630	
CREDITORS					
Amounts falling due within one year	14	<u>1,732,884</u>		<u>2,024,016</u>	
NET CURRENT ASSETS			<u>5,076,787</u>		<u>3,437,614</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,827,785		3,893,735
CREDITORS					
Amounts falling due after more than one year	15		(24,562)		(80,367)
PROVISIONS FOR LIABILITIES	19		(64,020)		(69,323)
NET ASSETS			<u><u>5,739,203</u></u>		<u><u>3,744,045</u></u>
CAPITAL AND RESERVES					
Called up share capital	20		946		900
Share premium	21		449,742		-
Capital redemption reserve	21		100		100
Retained earnings	21		5,288,415		3,743,045
SHAREHOLDERS' FUNDS			<u><u>5,739,203</u></u>		<u><u>3,744,045</u></u>
Company's profit for the financial year			<u><u>1,545,370</u></u>		<u><u>1,471,052</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 16 April 2024 and were signed on its behalf by:

N G Carr - Director

J I Duckworth - Director

Consolidated Statement of Changes in Equity
for the Year Ended 31 July 2023

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 August 2021	1,000	2,550,884	-	-	2,551,884
Changes in equity					
Issue of share capital	(100)	-	-	-	(100)
Dividends	-	(24,000)	-	-	(24,000)
Total comprehensive income	-	1,210,028	-	100	1,210,128
Balance at 31 July 2022	<u>900</u>	<u>3,736,912</u>	<u>-</u>	<u>100</u>	<u>3,737,912</u>
Changes in equity					
Issue of share capital	46	-	449,742	-	449,788
Total comprehensive income	-	1,575,881	-	-	1,575,881
Balance at 31 July 2023	<u>946</u>	<u>5,312,793</u>	<u>449,742</u>	<u>100</u>	<u>5,763,581</u>

The notes form part of these financial statements

Company Statement of Changes in Equity
for the Year Ended 31 July 2023

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 August 2021	1,000	2,592,325	-	-	2,593,325
Changes in equity					
Issue of share capital	(100)	-	-	-	(100)
Dividends	-	(24,000)	-	-	(24,000)
Total comprehensive income	-	1,174,720	-	100	1,174,820
Balance at 31 July 2022	<u>900</u>	<u>3,743,045</u>	<u>-</u>	<u>100</u>	<u>3,744,045</u>
Changes in equity					
Issue of share capital	46	-	449,742	-	449,788
Total comprehensive income	-	1,545,370	-	-	1,545,370
Balance at 31 July 2023	<u><u>946</u></u>	<u><u>5,288,415</u></u>	<u><u>449,742</u></u>	<u><u>100</u></u>	<u><u>5,739,203</u></u>

The notes form part of these financial statements

Consolidated Cash Flow Statement
for the Year Ended 31 July 2023

		31.7.23	31.7.22
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	1	2,666,843	404,907
Interest paid		(2,009)	(3,587)
Interest element of hire purchase payments paid		(3,751)	(2,358)
Tax paid		(550,740)	(173,593)
Net cash from operating activities		<u>2,110,343</u>	<u>225,369</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(42,598)	(90,581)
Purchase of fixed asset investments		2,250	-
Sale of tangible fixed assets		17,748	8,500
Sale of fixed asset investments		30,000	-
Interest received		7,128	30
Net cash from investing activities		<u>14,528</u>	<u>(82,051)</u>
Cash flows from financing activities			
New loans in year		-	143,764
Loan repayments in year		(152,197)	-
Capital repayments in year		(43,679)	(27,587)
Share buyback		-	(296,332)
Equity dividends paid		-	(24,000)
Net cash from financing activities		<u>(195,876)</u>	<u>(204,155)</u>
Increase/(decrease) in cash and cash equivalents		<u>1,928,995</u>	<u>(60,837)</u>
Cash and cash equivalents at beginning of year	2	374,059	434,896
Cash and cash equivalents at end of year	2	<u><u>2,303,054</u></u>	<u><u>374,059</u></u>

The notes form part of these financial statements

Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 July 2023

1. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	31.7.23	31.7.22
	£	£
Profit before taxation	1,959,661	1,823,101
Depreciation charges	159,825	161,026
Loss/(profit) on disposal of fixed assets	778	(2,519)
Finance costs	5,760	5,945
Finance income	(7,128)	(30)
	<u>2,118,896</u>	<u>1,987,523</u>
Decrease/(increase) in stocks	514,442	(999,518)
Decrease/(increase) in trade and other debtors	345,886	(762,497)
(Decrease)/increase in trade and other creditors	<u>(312,381)</u>	<u>179,399</u>
Cash generated from operations	<u><u>2,666,843</u></u>	<u><u>404,907</u></u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 July 2023

	31.7.23	1.8.22
	£	£
Cash and cash equivalents	<u>2,303,054</u>	<u>374,059</u>

Year ended 31 July 2022

	31.7.22	1.8.21
	£	£
Cash and cash equivalents	<u>374,059</u>	<u>434,896</u>

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.8.22	Cash flow	At 31.7.23
	£	£	£
Net cash			
Cash at bank and in hand	<u>374,059</u>	<u>1,928,995</u>	<u>2,303,054</u>
	<u>374,059</u>	<u>1,928,995</u>	<u>2,303,054</u>
Debt			
Finance leases	(43,679)	43,679	-
Debts falling due within 1 year	(112,484)	112,484	-
Debts falling due after 1 year	(39,713)	39,713	-
	<u>(195,876)</u>	<u>195,876</u>	<u>-</u>
Total	<u><u>178,183</u></u>	<u><u>2,124,871</u></u>	<u><u>2,303,054</u></u>

The notes form part of these financial statements

Notes to the Consolidated Financial Statements
for the Year Ended 31 July 2023

1. **STATUTORY INFORMATION**

U.K Electronics Limited is a private company, limited by shares , registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been 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. The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements incorporate those of U.K Electronics Limited and all of its group undertakings.

All intra- group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with those by other other members of the group.

Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over 3 years from the year of acquisition. The results of companies acquired or disposed of are included in the group profit and loss accounts after or up to the date that control passes.

Significant judgements and estimates

The preparation of the financial statements requires management to make estimates, judgements and assumptions that affect the amounts reported. These judgements and estimates are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no significant judgements or estimates.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 July 2023

2. **ACCOUNTING POLICIES - continued**

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery	- 15% on cost and 10% on cost
Fixtures and fittings	- 33% on cost and 15% on cost
Motor vehicles	- 20% on cost
Computer equipment	- 25% on cost

Tangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses.

Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in capital and reserves, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in capital and reserves in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in capital and reserves in respect of that asset, the excess shall be recognised in profit or loss.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 July 2023

2. **ACCOUNTING POLICIES - continued**

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is 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.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 July 2023

2. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the Balance sheet and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in profit or loss in the period it arises.

3. EMPLOYEES AND DIRECTORS

	31.7.23	31.7.22
	£	£
Wages and salaries	1,952,922	1,726,093
Social security costs	174,374	147,577
Other pension costs	34,003	28,391
	<u>2,161,299</u>	<u>1,902,061</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 July 2023

3. **EMPLOYEES AND DIRECTORS - continued**

The average number of employees during the year was as follows:

	31.7.23	31.7.22
Directors	2	2
Administration	15	14
Sales	1	1
Production	57	50
	<u>75</u>	<u>67</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 2 (2022 - 2) .

	31.7.23	31.7.22
	£	£
Directors' remuneration	<u>90,000</u>	<u>67,100</u>

4. **OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	31.7.23	31.7.22
	£	£
Other operating leases	60,822	63,860
Depreciation - owned assets	134,681	144,474
Depreciation - assets on hire purchase contracts	16,552	16,552
Profit on disposal of fixed assets	(29,222)	(2,519)
Foreign exchange differences	<u>(1,524)</u>	<u>(13,745)</u>

5. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.7.23	31.7.22
	£	£
Bank interest	-	432
Bank loan interest	4,112	2,407
Other interest - on overdue tax	(2,103)	748
Hire purchase	<u>3,751</u>	<u>2,358</u>
	<u>5,760</u>	<u>5,945</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 July 2023

6. **TAXATION**

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	31.7.23	31.7.22
	£	£
Current tax:		
UK corporation tax	389,083	325,206
Deferred tax	(5,303)	(8,465)
Tax on profit	<u>383,780</u>	<u>316,741</u>

Tax effects relating to effects of other comprehensive income

There were no tax effects for the year ended 31 July 2023.

	Gross	31.7.22	Net
	£	Tax	£
Capital redemption reserve	<u>(296,232)</u>	<u>-</u>	<u>(296,232)</u>

7. **INDIVIDUAL INCOME STATEMENT**

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

8. **DIVIDENDS**

	31.7.23	31.7.22
	£	£
Ordinary shares of £1 each		
Final	<u>-</u>	<u>24,000</u>

9. **INTANGIBLE FIXED ASSETS**

Group

	Goodwill
	£
COST	
Additions	22,127
At 31 July 2023	<u>22,127</u>
NET BOOK VALUE	
At 31 July 2023	<u>22,127</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 July 2023

10. **TANGIBLE FIXED ASSETS**

Group

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 August 2022	-	1,224,182	323,004
Additions	635,665	66,434	4,569
Disposals	-	(346,504)	(158,986)
At 31 July 2023	<u>635,665</u>	<u>944,112</u>	<u>168,587</u>
DEPRECIATION			
At 1 August 2022	-	896,484	269,565
Charge for year	-	101,786	25,667
Eliminated on disposal	-	(299,682)	(147,516)
At 31 July 2023	<u>-</u>	<u>698,588</u>	<u>147,716</u>
NET BOOK VALUE			
At 31 July 2023	<u>635,665</u>	<u>245,524</u>	<u>20,871</u>
At 31 July 2022	<u>-</u>	<u>327,698</u>	<u>53,439</u>
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 August 2022	21,290	347,909	1,916,385
Additions	-	28,726	735,394
Disposals	(14,190)	(250,254)	(769,934)
At 31 July 2023	<u>7,100</u>	<u>126,381</u>	<u>1,881,845</u>
DEPRECIATION			
At 1 August 2022	15,743	293,485	1,475,277
Charge for year	1,420	22,360	151,233
Eliminated on disposal	(10,773)	(238,450)	(696,421)
At 31 July 2023	<u>6,390</u>	<u>77,395</u>	<u>930,089</u>
NET BOOK VALUE			
At 31 July 2023	<u>710</u>	<u>48,986</u>	<u>951,756</u>
At 31 July 2022	<u>5,547</u>	<u>54,424</u>	<u>441,108</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 July 2023

10. **TANGIBLE FIXED ASSETS - continued**

Group

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £
COST	
At 1 August 2022 and 31 July 2023	<u>110,347</u>
DEPRECIATION	
At 1 August 2022	49,756
Charge for year	<u>16,552</u>
At 31 July 2023	<u>66,308</u>
NET BOOK VALUE	
At 31 July 2023	<u>44,039</u>
At 31 July 2022	<u>60,591</u>

Company

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 August 2022	1,024,926	306,113	7,100	333,739	1,671,878
Additions	9,303	4,569	-	28,726	42,598
Disposals	(206,649)	(148,855)	-	(236,084)	(591,588)
At 31 July 2023	<u>827,580</u>	<u>161,827</u>	<u>7,100</u>	<u>126,381</u>	<u>1,122,888</u>
DEPRECIATION					
At 1 August 2022	744,050	253,297	4,970	283,440	1,285,757
Charge for year	101,786	25,667	1,420	22,360	151,233
Eliminated on disposal	(206,649)	(138,008)	-	(228,405)	(573,062)
At 31 July 2023	<u>639,187</u>	<u>140,956</u>	<u>6,390</u>	<u>77,395</u>	<u>863,928</u>
NET BOOK VALUE					
At 31 July 2023	<u>188,393</u>	<u>20,871</u>	<u>710</u>	<u>48,986</u>	<u>258,960</u>
At 31 July 2022	<u>280,876</u>	<u>52,816</u>	<u>2,130</u>	<u>50,299</u>	<u>386,121</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 July 2023

10. **TANGIBLE FIXED ASSETS - continued**

Company

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £
COST	
At 1 August 2022 and 31 July 2023	<u>110,347</u>
DEPRECIATION	
At 1 August 2022	49,756
Charge for year	<u>16,552</u>
At 31 July 2023	<u>66,308</u>
NET BOOK VALUE	
At 31 July 2023	<u>44,039</u>
At 31 July 2022	<u><u>60,591</u></u>

11. **FIXED ASSET INVESTMENTS**

Company

	Shares in group undertakings £
COST	
At 1 August 2022	210,000
Additions	452,038
Disposals	<u>(159,600)</u>
At 31 July 2023	<u>502,438</u>
PROVISIONS	
At 1 August 2022	140,000
Eliminated on disposal	<u>(129,600)</u>
At 31 July 2023	<u>10,400</u>
NET BOOK VALUE	
At 31 July 2023	<u>492,038</u>
At 31 July 2022	<u><u>70,000</u></u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 July 2023

11. FIXED ASSET INVESTMENTS - continued

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Blackburn Circuit Design Holdings Limited

Registered office: Schofield House, Lion Mill Yard, Fitton Street, Royton, Oldham, Lancashire, OL2 5JX

Nature of business: Holding company

	%		
Class of shares:	holding		
Ordinary	100.00	31.7.23	31.7.22
		£	£
Aggregate capital and reserves		<u>6,320</u>	<u>6,320</u>

Blackburn Circuit Design Limited

Registered office: Schofield House, Lion Mill Yard, Fitton Street, Royton, Oldham, OL2 5JX

Nature of business: Electronic design and PCB assembly

	%		
Class of shares:	holding		
Ordinary	100.00	31.7.23	31.7.22
		£	£
Aggregate capital and reserves		60,280	59,206
Profit for the year		<u>1,074</u>	<u>2,834</u>

Edgeton Solutions Limited

Registered office: Orrells Well Farm, Foden Lane, Alderley Edge, Cheshire SK9 7TH

Nature of business: Manufacture of electronic boards

	%		
Class of shares:	holding		
Ordinary	100.00	31.7.23	30.9.22
		£	£
Aggregate capital and reserves		429,911	135,042
Profit for the period/year		<u>32,610</u>	<u>23,653</u>

12. STOCKS

	Group		Company	
	31.7.23	31.7.22	31.7.23	31.7.22
	£	£	£	£
Raw materials	1,639,830	1,932,139	1,608,996	1,929,889
Work-in-progress	607,209	504,686	607,209	504,686
Finished goods	102,406	398,478	102,406	398,478
	<u>2,349,445</u>	<u>2,835,303</u>	<u>2,318,611</u>	<u>2,833,053</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 July 2023

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.7.23	31.7.22	31.7.23	31.7.22
	£	£	£	£
Trade debtors	1,897,935	2,279,342	1,850,729	2,195,506
Amounts owed by group undertakings	-	-	344,637	42,041
Other debtors	3,436	4,159	3,050	4,159
Prepayments and accrued income	42,542	37,768	42,542	37,768
	<u>1,943,913</u>	<u>2,321,269</u>	<u>2,240,958</u>	<u>2,279,474</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.7.23	31.7.22	31.7.23	31.7.22
	£	£	£	£
Bank loans and overdrafts (see note 16)	-	112,484	-	112,484
Hire purchase contracts (see note 17)	-	27,587	-	27,587
Payments on account	210,415	429,665	210,415	429,665
Trade creditors	1,079,350	884,434	1,076,712	844,875
Tax	163,549	325,206	163,303	316,569
Social security and other taxes	233,920	266,249	233,920	254,123
Other creditors	9,280	18,447	9,280	9,310
Accrued expenses	46,180	35,153	39,254	29,403
	<u>1,742,694</u>	<u>2,099,225</u>	<u>1,732,884</u>	<u>2,024,016</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	31.7.23	31.7.22	31.7.23	31.7.22
	£	£	£	£
Bank loans (see note 16)	-	39,713	-	39,713
Hire purchase contracts (see note 17)	-	16,092	-	16,092
Other creditors	-	-	24,562	24,562
	<u>-</u>	<u>55,805</u>	<u>24,562</u>	<u>80,367</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 July 2023

16. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	31.7.23	31.7.22	31.7.23	31.7.22
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	-	112,484	-	112,484
Amounts falling due between one and two years:				
Bank loans - 1-2 years	-	39,713	-	39,713

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	31.7.23	31.7.22
	£	£
Net obligations repayable:		
Within one year	-	27,587
Between one and five years	-	16,092
	-	43,679

Company

	Hire purchase contracts	
	31.7.23	31.7.22
	£	£
Net obligations repayable:		
Within one year	-	27,587
Between one and five years	-	16,092
	-	43,679

18. SECURED DEBTS

The following secured debts are included within creditors:

	Company	
	31.7.23	31.7.22
	£	£
Bank loans	-	152,197
Hire purchase contracts	-	43,679
	-	195,876

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 July 2023

19. **PROVISIONS FOR LIABILITIES**

	Group		Company	
	31.7.23	31.7.22	31.7.23	31.7.22
	£	£	£	£
Deferred tax	<u>64,020</u>	<u>78,797</u>	<u>64,020</u>	<u>69,323</u>
Group				
				Deferred tax
				£
Balance at 1 August 2022				78,797
Utilised during year				<u>(14,777)</u>
Balance at 31 July 2023				<u>64,020</u>
Company				
				Deferred tax
				£
Balance at 1 August 2022				69,323
Credit to Statement of Comprehensive Income during year				<u>(5,303)</u>
Balance at 31 July 2023				<u>64,020</u>

20. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.7.23	31.7.22
			£	£
946	Ordinary	£1	<u>946</u>	<u>900</u>

46 Ordinary shares of £1 each were allotted as fully paid at a premium of £9,777 per share during the year.

21. **RESERVES**

Group				
	Retained earnings	Share premium	Capital redemption reserve	Totals
	£	£	£	£
At 1 August 2022	3,736,912	-	100	3,737,012
Profit for the year	1,575,881			1,575,881
Share issue	-	449,742	-	449,742
At 31 July 2023	<u>5,312,793</u>	<u>449,742</u>	<u>100</u>	<u>5,762,635</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 July 2023**21. RESERVES - continued****Company**

	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 August 2022	3,743,045	-	100	3,743,145
Profit for the year	1,545,370			1,545,370
Share issue	-	449,742	-	449,742
At 31 July 2023	<u>5,288,415</u>	<u>449,742</u>	<u>100</u>	<u>5,738,257</u>

22. POST BALANCE SHEET EVENTS

On 31st October 2023 the shares of the company were acquired by UKE Employee Ownership Trustee Limited.

