

Company Registration No. 00507451 (England and Wales)

ANDERS ELECTRONICS PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

ANDERS ELECTRONICS PLC

COMPANY INFORMATION

Directors	P. L. Anders N. H. Anders J. M. Anders P. H. Kidner B. Lim P. C. Mullen
Secretary	P. H. Kidner
Company number	00507451
Registered office	Acre House 11-15 William Road London NW1 3ER United Kingdom
Auditors	HW Fisher Acre House 11-15 William Road London NW1 3ER United Kingdom
Business address	Kings Studios 43-45 Kings Terrace London NW1 0JR United Kingdom
Bankers	HSBC Bank plc 4th Floor 133 Regent Street London W1B 4HX United Kingdom

ANDERS ELECTRONICS PLC

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ANDERS ELECTRONICS PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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

Fair review of the business

Our customers span a broad range of industry sectors from Access Management, Energy Management, Healthcare, Transportation, Process Control and Mechatronics around the globe. We enable our customers to accelerate the development of high-quality products, to deliver rich, exciting interface experiences through the creation and provision of production ready, innovative display and touch systems, made possible by our deep knowledge and our embedded computing technologies. Our customers benefit extensively through our partnership, where we share our expertise, utilising our deep, thorough competencies as we guide them to extract outstanding outcomes from these technologies.

2019 saw improvement in the overall business, despite the threat of Brexit as we invested in a new European warehouse solution in the Netherlands and increased our engineering team footprint. Revenues were £12,713,320 (2018: £11,664,552) with a pre-tax profit of £44,831 (2018: £18,779), driven mainly by the business investments and the still lengthening of product life cycles. However, new projects have increased significantly which will flow through to significant new revenues in the coming years. As at the year end, net assets amounted to £2,095,932 (2018: £2,007,155).

Overall margins remained stable as a result of our focused strategies, despite aggressive industry price cutting and increased competition. Our strategic focus and ongoing investment in the business will serve us well and allow us to maintain and further increase the very high level of service that we provide to our customers.

Once again, we acknowledge the significant contributions of our people, we thank them for their passion and hard work, which has been fundamental and essential to our success

During 2020, we will continue to seek new opportunities to acquire or partner with companies and institutions who can bring us into complementary and new markets.

Principal risks and uncertainties

As a matter of course, we identify and actively manage the risks and uncertainties facing the business both internally and externally, on a regular basis and have taken steps to mitigate these through good business practices. These include management awareness, prevention, diversification and insurances as appropriate. Our continuing investment in our product portfolio and the increasing depth and breadth of both our customer and supplier bases mitigate our overall exposure in the respective segments of the business,

Key performance indicators

In the opinion of the directors there are no Key Performance Indicators for disclosure which are necessary for an understanding of the development, performance or position of the business.

ANDERS ELECTRONICS PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Section 172(1) statement

Section 414CZA(1) of the Companies Act 2006 requires the directors to explain how they considered the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 ('S172 (1)') when performing their duty to promote the success of the company. When making decisions, each director ensures that they act in the way that would most likely promote the company's success for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the following matters:

(a) The likely consequences of any decision in the long term

The directors understand the business and the evolving environment in which the company operates, including the challenges of operating in a regulated sector.

Following a review of the business portfolio, the directors decided to exit the TGPC business and to focus on the displays and related business. The TGPC business has been low margin and high transactional cost and the decision will allow the company's resources to be better focused on the core business of displays and related technologies. In the long term this will strengthen the company substantially in its core market segment by concentrating our limited resources on core business.

(b) The interests of the company's employees

The directors recognise that the success of the business depends on attracting, retaining and motivating high quality employees. The directors take into account the implications of decisions which may affect their perception as a responsible employer, on determining remuneration and benefits, and on providing a healthy and safe workplace environment, where relevant.

In addition to ensuring a competitive compensation and benefits package for employees, the company is committed to the personal development of our employees and has funded both training and educational courses to improve their skills and competence. Each employee undergoes a personal development review on an annual basis where their training and development needs are discussed and action taken as necessary.

(c) The need to foster the company's business relationships with suppliers, customers and others

The directors seek to promote strong mutually beneficial relationships with suppliers, customers, the regulators and authorities. Such general principles are critical in the delivery of the company's strategy.

Our supplier chain strategy relies on key relationships with a focused number of suppliers. Over the years, the company has undergone a supplier reduction program in order to be better able to work with the remaining high quality suppliers. This concentration of suppliers facilitate more business per supplier and a closer relationship as our supply chain team have a smaller and more dedicated base to work with.

We manage our customers with internal and external teams to ensure that our customers are not serviced by one individual but have access to a dedicated team that can better service their needs.

(d) The impact of the company's operations on the community and the environment

The company is committed to understanding the interests of these stakeholder groups. The directors receive information on these topics on a periodic basis to provide relevant information for specific board decisions.

The company receives information and interacts with the local business community association as part of the Camden improvement group. We are a signatory to the UK anti-slavery act and are committed to the framework of the Code of Conduct V6.0 2018 (Code) issued by the Responsible Business Alliance RBA (formerly the Electronic Industry Citizenship Coalition EICC) with respect to our Corporate Social and Environmental Policy.

Fundamental to adopting this Code is the understanding that a business, in all of its activities, must operate in full compliance with the laws, rules and regulations of the countries in which it operates.

We expect our company to go beyond legal compliance, drawing upon internationally recognized standards, in order to advance social and environmental responsibility and business ethics. In alignment with the UN Guiding Principles on Business and Human Rights, the provisions in this Code are derived from key international human rights standards including the ILO Declaration on Fundamental Principles and Rights at Work and the UN Universal Declaration of Human Rights.

ANDERS ELECTRONICS PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

(e) The desirability of the company maintaining a reputation for high standards of business conduct

The directors recognise the importance of acting in ways which promote high standards of business conduct. The board periodically reviews and approves clear operating frameworks including the Code of Conduct V6.0 2018 (Code) issued by the Responsible Business Alliance RBA (formerly the Electronic Industry Citizenship Coalition EICC) to ensure that its high standards are maintained both within the businesses and the business relationships the company has with stakeholders.

(f) The need to act fairly as between members of the company

The directors aim to act fairly as between the company's members when delivering the company's strategy. All strategic decisions take into account the interests of all the stakeholders of the company and serve to improve both the long term strength of the company in terms of its financials as well as the well being and health of our people.

Post balance sheet events

The directors have considered the effect of the Covid-19 outbreak, that has been spreading throughout the world in early 2020, on the company's activities. We have initiated our Coronavirus Action plan and published it; In terms of our manufacturing partners based in China, the disruption has been well managed and manufacturing capacity is back on stream with some manufacturing lead-times increased by four weeks, causing minor delays to existing orders. In terms of our customers, to date we have seen no significant disruptions in the demand cycle, and new projects continue to be created, however this outbreak has and is likely to cause some disruption to the company's business but at the date of approval of these financial statements, the impact has been relatively minor with a reduction in profitability expected for the coming twelve months, largely as a result of anticipated delays in the business of our customers.

On March 10th 2020 we acquired the complete assets of the Selectronic group of companies. This acquisition will be accretive to our overall business.

On behalf of the board

P. H. Kidner

Director

23 June 2020

ANDERS ELECTRONICS PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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

Principal activities

The principal activities of the company are in the design, development and supply of display components and systems, corresponding interface technologies including touch systems, embedded computing and other related technologies and complementary services.

Directors

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

P. L. Anders
N. H. Anders
J. M. Anders
P. H. Kidner
B. Lim
P. C. Mullen

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Research and development

The company actively engages in research and development (R&D) at the cutting edge of our technologies. The results of our R&D activities benefit our customers and allow us to deliver high quality products and services.

We remain fully committed to investing in R&D for the coming years.

Post reporting date events

Details of post balance sheet events have been set out in the strategic report.

Auditor

In accordance with the company's articles, a resolution proposing that HW Fisher be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

Each of the Directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditors are unaware and that processes are in place to ensure full disclosure of relevant information.

On behalf of the board

P. H. Kidner
Director
23 June 2020

ANDERS ELECTRONICS PLC

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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. They are 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.

ANDERS ELECTRONICS PLC

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ANDERS ELECTRONICS PLC

Opinion

We have audited the financial statements of Anders Electronics Plc (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 our audit:

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

ANDERS ELECTRONICS PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ANDERS ELECTRONICS PLC

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 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, 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 directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor'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 our report

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

Simon Mott-Cowan (Senior Statutory Auditor)

for and on behalf of HW Fisher

Chartered Accountants

Statutory Auditor

Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

24 June 2020

ANDERS ELECTRONICS PLC

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	12,713,320	11,664,552
Cost of sales		(10,001,689)	(9,175,202)
Gross profit		2,711,640	2,489,350
Distribution costs		(289,285)	(285,414)
Administrative expenses		(2,386,325)	(2,189,355)
Other operating income		16,000	13,500
Operating profit	4	52,029	28,061
Interest receivable and similar income	8	8,124	4,622
Interest payable and similar expenses	9	(15,322)	(13,924)
Profit before taxation		44,831	18,779
Tax on profit	10	43,946	38,590
Profit for the financial year		88,777	57,369

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

ANDERS ELECTRONICS PLC

BALANCE SHEET

AS AT 31 DECEMBER 2019

		2019	2018
	Notes	£	£
Fixed assets			
Tangible assets	11	31,858	17,456
Investments	12	85	-
		<u>31,943</u>	<u>17,456</u>
Current assets			
Stocks	14	781,058	597,858
Debtors	15	2,377,499	2,506,865
Cash at bank and in hand		185,752	273,710
		<u>3,344,309</u>	<u>3,378,433</u>
Creditors: amounts falling due within one year	16	<u>(1,280,320)</u>	<u>(1,388,734)</u>
Net current assets		<u>2,063,989</u>	<u>1,989,699</u>
Total assets less current liabilities		<u><u>2,095,932</u></u>	<u><u>2,007,155</u></u>
Capital and reserves			
Called up share capital	20	50,000	50,000
Profit and loss reserves		2,045,932	1,957,155
Total equity		<u><u>2,095,932</u></u>	<u><u>2,007,155</u></u>

The financial statements were approved by the board of directors and authorised for issue on 23 June 2020 and are signed on its behalf by:

P. H. Kidner
Director

Company Registration No. 00507451

ANDERS ELECTRONICS PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2018	50,000	1,899,786	1,949,786
Year ended 31 December 2018:			
Profit and total comprehensive income for the year	-	57,369	57,369
Balance at 31 December 2018	50,000	1,957,155	2,007,155
Year ended 31 December 2019:			
Profit and total comprehensive income for the year	-	88,777	88,777
Balance at 31 December 2019	50,000	2,045,932	2,095,932

ANDERS ELECTRONICS PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	24		(106,032)		288,376
Interest paid			(15,322)		(13,924)
Income taxes refunded/(paid)			38,545		(3,951)
Net cash (outflow)/inflow from operating activities			(82,809)		270,501
Investing activities					
Purchase of tangible fixed assets		(30,456)		(10,905)	
Purchase of subsidiary		(85)		-	
Interest received		8,124		4,622	
Net cash used in investing activities			(22,417)		(6,283)
Financing activities					
Proceeds/(Repayment) of bank loans		22,028		(300,299)	
Payment of finance leases obligations		(4,760)		(9,801)	
Net cash generated from/(used in) financing activities			17,268		(310,100)
Net decrease in cash and cash equivalents			(87,958)		(45,882)
Cash and cash equivalents at beginning of year			273,710		319,592
Cash and cash equivalents at end of year			185,752		273,710

ANDERS ELECTRONICS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Anders Electronics Plc is a public limited company incorporated in England and Wales. It is a company limited by shares. The registered office is Acre House, 11-15 William Road, London, NW1 3ER, United Kingdom. The business address is Kings Studio, 43-45 Kings Terrace, London, NW1 0JR, United Kingdom.

1.1 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.

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

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

Consolidated financial statements have not been prepared because inclusion of the company's only subsidiary undertaking in a set of consolidated accounts would not be material for the purpose of giving a true and fair view.

1.2 Going concern

As stated in note 22, the directors have considered the effect of the Covid-19 outbreak. The directors consider that the outbreak is likely to cause some potential disruption to the company's business but are confident that the company can continue as a going concern for a period of at least twelve months from the date of approval of these financial statements. The directors are to place reliance on bank funding to assist with the cash flow and working capital of the company. The directors have rearranged their finances and have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future.

1.3 Turnover

Turnover represents amounts receivable for goods net of VAT and trade discounts.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 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 or valuation of assets less their residual values over their useful lives on the following bases:

Plant, machinery and equipment	15% - 33% per annum on a straight line basis
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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.

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

ANDERS ELECTRONICS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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).

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.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

1.9 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 in the company's balance sheet 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 debtors and cash and bank balances, 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

ANDERS ELECTRONICS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, 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. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal 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 are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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 creditors and bank loans, 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 receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

1.10 Equity instruments

Equity instruments issued by the company are recorded at the 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.

1.11 Taxation

The tax expense represents the sum of the tax currently payable.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

ANDERS ELECTRONICS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rental payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

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 except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.15 Foreign exchange

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are 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.

The following judgements have had the most significant effect on amounts recognised in the financial statements.

Stock impairment and provision

Inventories are valued at the lower of cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculations of these provisions require judgements to be made, which include forecasting consumer demand, competitive and economic environment and inventory loss trends. This is reviewed by management on a regular basis. The directors have provided against stock that has not moved in more than 6 months at 50% and stock that has not moved in more than 12 months by 100%. The stock provision at the year end is £78,600 (2018: £91,200).

ANDERS ELECTRONICS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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	12,713,320	11,664,552
	<u>12,713,320</u>	<u>11,664,552</u>
	2019	2018
	£	£
Other significant revenue		
Interest income	8,124	4,622
	<u>8,124</u>	<u>4,622</u>
	2019	2018
	£	£
Turnover analysed by geographical market		
United Kingdom	2,729,608	2,981,524
Rest of the World	9,983,712	8,682,628
	<u>12,713,320</u>	<u>11,664,552</u>

4 Operating profit

	2019	2018
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	71,003	(39,971)
Depreciation of owned tangible fixed assets	16,054	22,671
Operating lease charges	130,339	124,756
	<u>237,406</u>	<u>107,456</u>

5 Auditor's remuneration

	2019	2018
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	17,646	18,225
	<u>17,646</u>	<u>18,225</u>

ANDERS ELECTRONICS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

6 Employees

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

	2019 Number	2018 Number
Office and management	19	20
Selling and distribution	11	12
	<u>30</u>	<u>32</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	1,298,141	1,301,204
Social security costs	128,620	124,532
Pension costs	17,691	11,788
	<u>1,444,452</u>	<u>1,437,524</u>

7 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	300,272	293,075
Company pension contributions to defined contribution schemes	6,500	5,400
	<u>306,772</u>	<u>298,475</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2018 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	130,813	119,233
Company pension contributions to defined contribution schemes	4,700	3,600
	<u></u>	<u></u>

8 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Other interest income	8,124	4,622
	<u></u>	<u></u>

ANDERS ELECTRONICS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

9 Interest payable and similar expenses

	2019	2018
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	15,322	13,924
	<u> </u>	<u> </u>

10 Taxation

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	(43,991)	(38,590)
Adjustments in respect of prior periods	45	-
	<u> </u>	<u> </u>
Total current tax	(43,946)	(38,590)
	<u> </u>	<u> </u>

The actual credit for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019	2018
	£	£
Profit before taxation	44,831	18,779
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	8,518	3,568
Tax effect of expenses that are not deductible in determining taxable profit	444	1,401
Tax effect of utilisation of tax losses not previously recognised	(2,232)	(1,200)
Permanent capital allowances in excess of depreciation	(6,685)	-
Research and development tax credit	(43,991)	(42,359)
	<u> </u>	<u> </u>
Taxation credit for the year	(43,946)	(38,590)
	<u> </u>	<u> </u>

ANDERS ELECTRONICS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

11 Tangible fixed assets

	Plant, machinery and equipment
	£
Cost	
At 1 January 2019	212,624
Additions	30,456
Disposals	(67,023)
At 31 December 2019	176,057
Depreciation and impairment	
At 1 January 2019	195,168
Depreciation charged in the year	16,054
Eliminated in respect of disposals	(67,023)
At 31 December 2019	144,199
Carrying amount	
At 31 December 2019	31,858
At 31 December 2018	17,456

12 Fixed asset investments

	Notes	2019 £	2018 £
Investments in subsidiaries	13	85	-

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2019	-
Additions	85
At 31 December 2019	85
Carrying amount	
At 31 December 2019	85
At 31 December 2018	-

ANDERS ELECTRONICS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

13 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	Indirect
Anders Electronics B.V.	Netherlands	Trading company	Ordinary	100.00	0

14 Stocks

	2019 £	2018 £
Finished goods and goods for resale	781,058	597,858

15 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	1,980,110	2,334,279
Corporation tax recoverable	43,991	38,590
Other debtors	39,027	38,890
Prepayments and accrued income	314,371	95,106
	<u>2,377,499</u>	<u>2,506,865</u>

16 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Bank loans	17	108,991	86,963
Obligations under finance leases	18	-	4,760
Trade creditors		987,023	1,084,547
Other taxation and social security		40,529	110,286
Accruals and deferred income		143,777	102,178
		<u>1,280,320</u>	<u>1,388,734</u>

ANDERS ELECTRONICS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

17 Loans and overdrafts

	2019	2018
	£	£
Bank loans	108,991	86,963
	<u> </u>	<u> </u>
Payable within one year	108,991	86,963
	<u> </u>	<u> </u>

The company has a debenture in place on borrowings with a fixed and floating charge over all assets held in the company.

18 Finance lease obligations

	2019	2018
	£	£
Future minimum lease payments due under finance leases:		
Within one year	-	4,760
	<u> </u>	<u> </u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

19 Retirement benefit schemes

	2019	2018
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	17,691	11,788
	<u> </u>	<u> </u>

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.

20 Share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000
	<u> </u>	<u> </u>
	50,000	50,000
	<u> </u>	<u> </u>

ANDERS ELECTRONICS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

21 Operating lease commitments

Lessee

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	159,251	101,118
Between two and five years	499,373	27,331
	<u>658,624</u>	<u>128,449</u>

22 Events after the reporting date

The directors have considered the effect of the Covid-19 outbreak, that has been spreading throughout the world in early 2020, on the company's activities. This outbreak is likely to cause a disruption to the company's business but at the date of approval of these financial statements, the extent and quantum of the disruption remains uncertain. It must be noted that the impact has been relatively minor with a reduction in profitability expected for the coming 12 months, largely as a result of anticipated delays in business.

On 10 March 2020, the company acquired the share capital of Selectronic Limited and all companies in that group. The acquisition is considered accretive to the business of the company.

23 Related party transactions

At the year end, the company was owed an amount of £500 (2018: £500) from a director of the company.

24 Cash generated from operations

	2019 £	2018 £
Profit for the year after tax	88,777	57,369
Adjustments for:		
Taxation credited	(43,946)	(38,590)
Finance costs	15,322	13,924
Investment income	(8,124)	(4,622)
Depreciation and impairment of tangible fixed assets	16,054	22,671
Movements in working capital:		
(Increase)/decrease in stocks	(183,200)	712,954
Decrease/(increase) in debtors	167,521	(196,791)
(Decrease) in creditors	(158,436)	(278,539)
Cash (absorbed by)/generated from operations	<u>(106,032)</u>	<u>288,376</u>

ANDERS ELECTRONICS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

25 Analysis of changes in net funds

	1 January 2019	Cash flows 31 December 2019	
	£	£	£
Cash at bank and in hand	273,710	(87,958)	185,752
Borrowings excluding overdrafts	(86,963)	(22,028)	(108,991)
Obligations under finance leases	(4,760)	4,760	-
	<u>181,987</u>	<u>(105,226)</u>	<u>76,761</u>
	<u><u>181,987</u></u>	<u><u>(105,226)</u></u>	<u><u>76,761</u></u>

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