

AWS ELECTRONICS GROUP LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

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AWS ELECTRONICS GROUP LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | P Deehan A S Keane D A Tucker (resigned 1 November 2012) |
| Company secretary | A S Keane |
| Company number | 05626347 |
| Registered office | Unit 2 Offerton Barns Business Centre Offerton Lane Hindlip Worcestershire WR3 8SX |
| Auditor | PKF (UK) LLP New Guild House 45 Great Charles Street Queensway Birmingham B3 2LX |

AWS ELECTRONICS GROUP LIMITED

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AWS ELECTRONICS GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012

The directors present their report and the financial statements for the year ended 30 June 2012

Principal activity

The principal activity of the group for the period under review was that of the manufacture of electronic equipment

Business review

The result for the year and financial position of the group are shown in the annexed financial statements. The group is performing in line with the directors' expectations.

On 31 October 2012 the entire share capital of the company was sold to DEKE Holdings Limited. The directors intend to use this new structure to invigorate the strategic area of growth by acquisition.

In assessing the ongoing performance of the operating business the directors consider a number of KPIs are key and monitor performance against them. These include turnover, prime and gross margin, EBITDA, working capital turn (debtors, stock and creditors), cash against facilities, order book and employment levels.

Results

The profit for the year, after taxation, amounted to £728,763 (2011 - £1,120,372)

Directors

The directors who served during the year were

P Deehan
A S Keane
D A Tucker (resigned 1 November 2012)

Principal risks and uncertainties

- Our success is dependant on the success of our customers. The group has a broad range of customers serving a wide range of market sectors.
- Our ability to maintain and grow the customer base is closely linked to the quality of the manufacturing service provided. The group takes all reasonable steps to ensure quality standards are maintained.

Financial instruments

The group's policy is to finance working capital through retained earnings and short term bank borrowings, parent company borrowings and vendor deferred consideration at fixed and prevailing market rates and to fix the sterling value of export sales when a contract is signed and forward purchase currency, as necessary through the group's treasury function. The group does not use hedge accounting. Its policy is to finance fixed assets through its cash resources and lease finance.

The group's exposure to the price risk of financial instruments is minimal in light of forward currency arrangements and prevailing market rate of interest being stable or fixed. As the counterparty to all financial instruments is its bankers, it is also exposed to minimal credit and liquidity risks in respect of these instruments. Its cash flow risk in respect of forward currency purchases is also minimal as it aims to pay suppliers in accordance with their stated terms, matching the maturity of the currency purchases. The directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or profit.

AWS ELECTRONICS GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012

Research and development activities

The group undertakes product design and development activities when required for its customers. In such cases the intellectual property arising is generally the sole property of the customer. The group does not undertake product design and development for its own purposes. It does, however, in the normal course of its business and refinement of its manufacturing processes.

Employee involvement

The group recognises that a loyal and highly skilled workforce is essential to the future of the business. During the year, the policy of providing employees with information about the group has continued and employees are encouraged to present their suggestions. Regular meetings are held between management and employee representatives and committees to allow a free flow of information.

Disabled employees

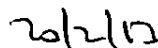
The group recognises its obligations towards disabled people. Our policy is to give full and fair consideration to every employment application from disabled persons, having regard to their particular aptitudes and abilities and to give equal opportunities to disabled employees, with other employees, for training, career development and promotion. Every practicable effort is made to continue the employment of, or arrange appropriate training for employees who become disabled.

Provision of information to the auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditor in connection with preparing its report and to establish that the company and the group's auditor is aware of that information.

This report was approved by the board on



and signed on its behalf



P Deehan
Director

AWS ELECTRONICS GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the directors' 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 and 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 judgments 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 and the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions, to disclose with reasonable accuracy at any time the financial position of the company and to 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.

AWS ELECTRONICS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AWS ELECTRONICS GROUP LTD

We have audited the financial statements of AWS Electronics Group Limited for the year ended 30 June 2012 which comprise the consolidated profit and loss account, the consolidated and parent company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2012 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

AWS ELECTRONICS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AWS ELECTRONICS GROUP LTD

Matters on which we are required to report by exception

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

PKF(UK)LLP

Tobias Stephenson (Senior statutory auditor)
for and behalf of PKF (UK) LLP, Statutory auditor
Birmingham, UK
27 February 2013

AWS ELECTRONICS GROUP LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2012**

| | Note | 2012 £ | 2011 £ |
|--|-------------|------------------------------|-------------------------|
| TURNOVER | 1,2 | 38,691,522 | 39,522,367 |
| Cost of sales | | <u>(31,236,882)</u> | <u>(31,001,452)</u> |
| GROSS PROFIT | | 7,454,640 | 8,520,915 |
| Administrative expenses | | (6,257,902) | (6,718,792) |
| Exceptional administrative expenses | 5 | (154,846) | (11,250) |
| Total administrative expenses | | <u>(6,412,748)</u> | <u>(6,730,042)</u> |
| OPERATING PROFIT | 3 | 1,041,892 | 1,790,873 |
| Interest payable and similar charges | 7 | <u>(169,454)</u> | <u>(162,265)</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 872,438 | 1,628,608 |
| Tax on profit on ordinary activities | 8 | <u>(143,675)</u> | <u>(508,236)</u> |
| PROFIT FOR THE FINANCIAL YEAR | 18 | <u><u>728,763</u></u> | <u><u>1,120,372</u></u> |

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account

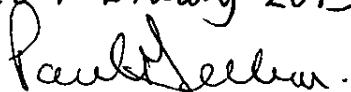
The notes on pages 10 to 24 form part of these financial statements

AWS ELECTRONICS GROUP LIMITED
REGISTERED NUMBER 05626347

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2012

| | Note | £ | 2012 £ | £ | 2011 £ |
|---|------|--------------|--------------------|-------------------|--------------------|
| FIXED ASSETS | | | | | |
| Intangible assets | 9 | | 5,303,256 | | 5,705,302 |
| Tangible assets | 10 | | 684,645 | | 550,358 |
| | | | <u>5,987,901</u> | | <u>6,255,660</u> |
| CURRENT ASSETS | | | | | |
| Stocks | 12 | 4,730,206 | | 5,977,097 | |
| Debtors | 13 | 4,644,439 | | 8,501,706 | |
| Cash at bank | | - | | 2,104 | |
| | | | <u>9,374,645</u> | <u>14,480,907</u> | |
| CREDITORS amounts falling due within one year | 14 | (10,624,831) | | (16,737,756) | |
| NET CURRENT LIABILITIES | | | <u>(1,250,186)</u> | | <u>(2,256,849)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>4,737,715</u> | | <u>3,998,811</u> |
| CREDITORS amounts falling due after more than one year | 15 | | (82,056) | | (71,915) |
| NET ASSETS | | | <u>4,655,659</u> | | <u>3,926,896</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 17 | | 134,286 | | 134,286 |
| Capital redemption reserve | 18 | | 133,000 | | 133,000 |
| Profit and loss account | 18 | | 4,388,373 | | 3,659,610 |
| SHAREHOLDERS' FUNDS | 19 | | <u>4,655,659</u> | | <u>3,926,896</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

20 February 2013


P Deehan
Director


The notes on pages 10 to 24 form part of these financial statements

AWS ELECTRONICS GROUP LIMITED
REGISTERED NUMBER: 05626347

COMPANY BALANCE SHEET
AS AT 30 JUNE 2012

| | Note | £ | 2012 £ | £ | 2011 £ |
|--|------|----------------|---------------------|----------------|---------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 10 | | 27,507 | | 43,574 |
| Investments | 11 | | 11,664,162 | | 11,664,162 |
| | | | <u>11,691,669</u> | | <u>11,707,736</u> |
| CURRENT ASSETS | | | | | |
| Debtors | 13 | 111,098 | | 266,337 | |
| Cash at bank | | 298 | | 1,052 | |
| | | <u>111,396</u> | | <u>267,389</u> | |
| CREDITORS amounts falling due within one year | 14 | (11,131,696) | | (11,971,713) | |
| NET CURRENT LIABILITIES | | | <u>(11,020,300)</u> | | <u>(11,704,324)</u> |
| NET ASSETS | | | <u>671,369</u> | | <u>3,412</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 17 | | 134,286 | | 134,286 |
| Capital redemption reserve | 18 | | 133,000 | | 133,000 |
| Profit and loss account | 18 | | 404,083 | | (263,874) |
| SHAREHOLDERS' FUNDS | 19 | | <u>671,369</u> | | <u>3,412</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

20 February 2013


P Deehan
Director

The notes on pages 10 to 24 form part of these financial statements

AWS ELECTRONICS GROUP LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012**

| | Note | 2012 £ | 2011 £ |
|---|------|------------------|--------------------|
| Net cash flow from operating activities | 20 | 2,647,635 | 1,348,325 |
| Returns on investments and servicing of finance | 21 | (169,454) | (162,265) |
| Taxation | | (240,318) | (376,290) |
| Capital expenditure and financial investment | 21 | (330,867) | (137,270) |
| CASH INFLOW BEFORE FINANCING | | 1,906,996 | 672,500 |
| Financing | 21 | (2,126,400) | (1,904,602) |
| DECREASE IN CASH IN THE YEAR | | (219,404) | (1,232,102) |

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT
FOR THE YEAR ENDED 30 JUNE 2012**

| | 2012 £ | 2011 £ |
|--|--------------------|--------------------|
| Decrease in cash in the year | (219,404) | (1,232,102) |
| Cash outflow from decrease in debt and lease financing | 2,126,400 | 1,904,602 |
| CHANGE IN NET DEBT RESULTING FROM CASH FLOWS | 1,906,996 | 672,500 |
| New finance leases | (38,565) | - |
| MOVEMENT IN NET DEBT IN THE YEAR | 1,868,431 | 672,500 |
| Net debt at 1 July 2011 | (6,552,822) | (7,225,322) |
| NET DEBT AT 30 JUNE 2012 | (4,684,391) | (6,552,822) |

The notes on pages 10 to 24 form part of these financial statements

AWS ELECTRONICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

At 30 June 2012 the group and parent company balance sheets reflected net current liabilities of £1,250,186 and £11,020,300 respectively. Included in creditors falling due within one year, in the group and parent company balance sheets are amounts due to group companies of £1,811,921 and £9,841,638 respectively and redeemable preference shares amounting to £497,714. In practice none of these amounts will be repayable within 12 months. In addition, on 31 October 2012 amounts due to/from parent companies in the group and company balance sheets amounting to £1,645,716 were waived on the acquisition of the group by DEKE Holdings Limited (see note 27). The directors of the group and its new ultimate parent company have prepared cash flow forecasts to 30 June 2013 and have considered the period of up to 12 months after the accounts are signed which indicate the ultimate parent company, the group and the company have sufficient funding to meet their liabilities as they fall due, based on facilities agreed with the group's bankers. On the basis of the above the directors have formed a judgement that is appropriate to prepare the financial statements on the going concern basis.

1.2 Basis of consolidation

The financial statements consolidate the accounts of AWS Electronics Group Limited and all of its subsidiary undertakings ('subsidiaries').

The acquisition method of accounting has been adopted. The difference between the fair value of consideration given for a subsidiary undertaking and the fair value of the asset and liabilities acquired is capitalised as goodwill and amortised over its expected useful life.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts. Income is recognised on despatch of goods or provision of services.

1.4 Intangible fixed assets and amortisation

Goodwill is the difference between the fair value of amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life of 20 years.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | |
|----------------------------------|------------------------|
| Leasehold property improvements- | Over term of lease |
| Plant & machinery | - 25% straight Line |
| Fixtures, fittings and equipment | - 25-33% straight Line |
| Office equipment | - 33% Straight line |

1.6 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

AWS ELECTRONICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1 ACCOUNTING POLICIES (continued)

1.7 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.8 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.9 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.11 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date or at those of related forward exchange contracts.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

1.12 Research and development

Research and development expenditure is written off in the year in which it is incurred.

AWS ELECTRONICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1 ACCOUNTING POLICIES (continued)

1 13 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

2 TURNOVER

An analysis of turnover by class of business is as follows

| | 2012 £ | 2011 £ |
|----------------|-------------------|-------------------|
| United Kingdom | 34,952,995 | 37,233,415 |
| Rest of world | 3,738,527 | 2,288,952 |
| | <u>38,691,522</u> | <u>39,522,367</u> |

3 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

| | 2012 £ | 2011 £ |
|--|-----------|-----------|
| Amortisation - intangible fixed assets | 402,046 | 408,798 |
| Depreciation of tangible fixed assets | | |
| - owned by the group | 190,039 | 289,690 |
| - held under finance leases | 45,106 | 90,604 |
| Operating lease rentals | | |
| - other operating leases | 358,249 | 354,508 |
| Difference on foreign exchange | (74,014) | 83,927 |
| | <u></u> | <u></u> |

4 AUDITOR'S REMUNERATION

| | 2012 £ | 2011 £ |
|--|-----------|-----------|
| Fees payable to the company's auditor for the audit of the company's annual accounts | 6,500 | 2,000 |
| Fees payable to the company's auditor and its subsidiaries in respect of | | |
| The auditing of accounts of associates of the company pursuant to legislation | 43,000 | 41,500 |
| Other services relating to taxation | 10,000 | 10,000 |
| All other services | 7,500 | 7,000 |
| | <u></u> | <u></u> |

AWS ELECTRONICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

5 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

| | 2012 £ | 2011 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 8,043,003 | 8,063,485 |
| Social security costs | 606,881 | 656,732 |
| Other pension costs | 63,920 | 154,671 |
| | <u>8,713,804</u> | <u>8,874,888</u> |

In addition to the above the group incurred redundancy costs during the year amounting to £154,846 (2011 - £nil)

The average monthly number of employees, including the directors, during the year was as follows

| | 2012 No | 2011 No |
|---------------------|------------|------------|
| Direct operatives | 276 | 285 |
| Indirect operatives | 125 | 136 |
| | <u>401</u> | <u>421</u> |

6 DIRECTORS' REMUNERATION

| | 2012 £ | 2011 £ |
|---|----------------|----------------|
| Emoluments | <u>332,119</u> | <u>321,978</u> |
| Company pension contributions to defined contribution pension schemes | <u>34,753</u> | <u>33,825</u> |

During the year retirement benefits were accruing to 2 directors (2011 - 2) in respect of defined contribution pension schemes

The highest paid director received remuneration of £176,361 (2011 - £171,608)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £23,212 (2011 - £20,876)

7 INTEREST PAYABLE

| | 2012 £ | 2011 £ |
|---|----------------|----------------|
| On bank loans and overdrafts | 125,039 | 100,136 |
| On other loans | 32,639 | 46,731 |
| On finance leases and hire purchase contracts | 11,776 | 15,398 |
| | <u>169,454</u> | <u>162,265</u> |

AWS ELECTRONICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

8. TAXATION

| | 2012 £ | 2011 £ |
|---|----------------|-----------------|
| Analysis of tax charge in the year | | |
| Current tax (see note below) | | |
| UK corporation tax charge on profit for the year | 126,177 | 463,422 |
| Adjustments in respect of prior periods | - | 110 |
| | <u>126,177</u> | <u>463,532</u> |
| Foreign tax on income for the year | - | 63,023 |
| | <u>126,177</u> | <u>526,555</u> |
| Total current tax | | |
| Deferred tax | | |
| Origination and reversal of timing differences | 13,136 | (18,319) |
| Effect of increased tax rate on opening liability | 4,362 | - |
| | <u>17,498</u> | <u>(18,319)</u> |
| Total deferred tax (see note 16) | | |
| Tax on profit on ordinary activities | <u>143,675</u> | <u>508,236</u> |

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - higher than) the standard rate of corporation tax in the UK of 24% (2011 - 26%) The differences are explained below

| | 2012 £ | 2011 £ |
|--|----------------|------------------|
| Profit on ordinary activities before tax | <u>872,438</u> | <u>1,628,608</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2011 - 26%) | 209,385 | 423,438 |
| Effects of | | |
| Non-tax deductible amortisation of goodwill and impairment | 84,566 | 106,287 |
| Expenses not deductible for tax purposes | 21,988 | 2,086 |
| Capital allowances for year (in excess of)/less than depreciation | (11,343) | 15,324 |
| Adjustments to tax charge in respect of prior periods | - | 110 |
| Other timing differences | (1,415) | (1,815) |
| Difference on foreign tax rate | - | (23,219) |
| Tax charged at higher rate | - | 4,344 |
| Group relief not paid for | (177,004) | - |
| | <u>126,177</u> | <u>526,555</u> |
| Current tax charge for the year (see note above) | | |

Factors that may affect future tax charges

There were no factors that may affect future tax charges

AWS ELECTRONICS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

9 INTANGIBLE FIXED ASSETS

| Group | Goodwill | Purchased | Total |
|---------------------------------|------------------|------------------|------------------|
| Cost | £ | Goodwill | £ |
| | | £ | £ |
| At 1 July 2011 and 30 June 2012 | 6,708,229 | 1,336,795 | 8,045,024 |
| Amortisation | | | |
| At 1 July 2011 | 1,603,854 | 735,868 | 2,339,722 |
| Charge for the year | 335,206 | 66,840 | 402,046 |
| At 30 June 2012 | 1,939,060 | 802,708 | 2,741,768 |
| Net book value | | | |
| At 30 June 2012 | 4,769,169 | 534,087 | 5,303,256 |
| At 30 June 2011 | 5,104,375 | 600,927 | 5,705,302 |

AWS ELECTRONICS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

10 TANGIBLE FIXED ASSETS

| Group | Leasehold property improv'ts £ | Plant and machinery £ | Fixtures, fittings and equipment £ | Office equipment £ | Total £ |
|-----------------------|---|--------------------------------------|---|-----------------------------------|--------------------|
| Cost | | | | | |
| At 1 July 2011 | 159,376 | 3,751,293 | 461,137 | 557,387 | 4,929,193 |
| Additions | 4,192 | 287,701 | 58,546 | 18,993 | 369,432 |
| Disposals | - | (12,029) | - | - | (12,029) |
| At 30 June 2012 | <u>163,568</u> | <u>4,026,965</u> | <u>519,683</u> | <u>576,380</u> | <u>5,286,596</u> |
| Depreciation | | | | | |
| At 1 July 2011 | 156,816 | 3,324,576 | 433,069 | 464,374 | 4,378,835 |
| Charge for the year | 3,335 | 157,906 | 41,393 | 32,511 | 235,145 |
| On disposals | - | (12,029) | - | - | (12,029) |
| At 30 June 2012 | <u>160,151</u> | <u>3,470,453</u> | <u>474,462</u> | <u>496,885</u> | <u>4,601,951</u> |
| Net book value | | | | | |
| At 30 June 2012 | <u>3,417</u> | <u>556,512</u> | <u>45,221</u> | <u>79,495</u> | <u>684,645</u> |
| At 30 June 2011 | <u>2,560</u> | <u>426,717</u> | <u>28,068</u> | <u>93,013</u> | <u>550,358</u> |

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

| Group | 2012 £ | 2011 £ |
|---------------------|-------------------|-------------------|
| Plant and machinery | 180,658 | 136,252 |
| Office equipment | 7,205 | 10,187 |
| | <u>187,863</u> | <u>146,439</u> |

AWS ELECTRONICS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

10. TANGIBLE FIXED ASSETS (continued)

| Company | Fixtures & fittings £ | Computer equipment £ | Total £ |
|-----------------------|--|-------------------------------------|--------------------|
| Cost | | | |
| At 1 July 2011 | 46,305 | 182,741 | 229,046 |
| Additions | - | 11,829 | 11,829 |
| At 30 June 2012 | <u>46,305</u> | <u>194,570</u> | <u>240,875</u> |
| Depreciation | | | |
| At 1 July 2011 | 40,130 | 145,342 | 185,472 |
| Charge for the year | 5,047 | 22,849 | 27,896 |
| At 30 June 2012 | <u>45,177</u> | <u>168,191</u> | <u>213,368</u> |
| Net book value | | | |
| At 30 June 2012 | <u>1,128</u> | <u>26,379</u> | <u>27,507</u> |
| At 30 June 2011 | <u>6,175</u> | <u>37,399</u> | <u>43,574</u> |

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

| Company | 2012 £ | 2011 £ |
|--------------------|-------------------|-------------------|
| Computer equipment | <u>7,205</u> | <u>10,187</u> |

11 FIXED ASSET INVESTMENTS

| Company | Investments in subsidiary companies £ |
|---------------------------------|--|
| Cost | |
| At 1 July 2011 and 30 June 2012 | <u>11,664,162</u> |
| Net book value | |
| At 30 June 2012 | <u>11,664,162</u> |
| At 30 June 2011 | <u>11,664,162</u> |

Details of the principal subsidiaries can be found under note number 29

AWS ELECTRONICS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

12 STOCKS

| | Group | | Company | |
|------------------|------------------|------------------|----------------|-------------|
| | 2012 | 2011 | 2012 | 2011 |
| | £ | £ | £ | £ |
| Raw materials | 2,885,151 | 3,368,448 | - | - |
| Work in progress | 1,845,055 | 2,608,649 | - | - |
| | <u>4,730,206</u> | <u>5,977,097</u> | <u>-</u> | <u>-</u> |

13 DEBTORS

| | Group | | Company | |
|----------------------------------|------------------|------------------|----------------|----------------|
| | 2012 | 2011 | 2012 | 2011 |
| | £ | £ | £ | £ |
| Trade debtors | 4,208,743 | 8,115,995 | - | - |
| Other debtors | 74,517 | - | 14,441 | 171,229 |
| Prepayments and accrued income | 321,979 | 329,013 | 92,757 | 92,644 |
| Deferred tax asset (see note 16) | 39,200 | 56,698 | 3,900 | 2,464 |
| | <u>4,644,439</u> | <u>8,501,706</u> | <u>111,098</u> | <u>266,337</u> |

14 CREDITORS

Amounts falling due within one year

| | Group | | Company | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2012 | 2011 | 2012 | 2011 |
| | £ | £ | £ | £ |
| Unsecured loan notes | 380,000 | 710,000 | 380,000 | 710,000 |
| Bank loans and overdrafts | 1,821,687 | 1,604,387 | - | - |
| Amounts owed to group undertakings | 1,811,921 | 3,551,011 | 9,841,638 | 10,367,247 |
| Net obligations under finance leases and hire purchase contracts | 91,013 | 119,899 | - | 10,187 |
| Trade creditors | 4,087,409 | 7,890,440 | 121,956 | 101,024 |
| Corporation tax | 126,308 | 240,449 | - | - |
| Social security and other taxes | 658,425 | 622,733 | - | - |
| Other creditors | 332,730 | 599,020 | 106,198 | 75,110 |
| Accruals and deferred income | 817,624 | 902,103 | 184,190 | 210,431 |
| Share capital treated as debt (Note 17) | 497,714 | 497,714 | 497,714 | 497,714 |
| | <u>10,624,831</u> | <u>16,737,756</u> | <u>11,131,696</u> | <u>11,971,713</u> |

Finance leases are secured over the assets to which they relate

Bank loans and overdraft of the group and company are secured by fixed and floating charges over all current and future assets of the group and cross guarantees between UK based group companies

AWS ELECTRONICS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

15 CREDITORS

Amounts falling due after more than one year

| | Group | | Company | |
|--|---------------|---------------|----------------|-------------|
| | 2012 | 2011 | 2012 | 2011 |
| | £ | £ | £ | £ |
| Net obligations under finance leases and hire purchase contracts | 82,056 | 71,915 | - | - |

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

| | Group | | Company | |
|----------------------------|---------------|---------------|----------------|-------------|
| | 2012 | 2011 | 2012 | 2011 |
| | £ | £ | £ | £ |
| Between one and five years | 82,056 | 71,915 | - | - |

Finance leases are secured over the assets to which they relate

16. DEFERRED TAX ASSET

| | Group | | Company | |
|---------------------------------------|-----------------|---------------|----------------|--------------|
| | 2012 | 2011 | 2012 | 2011 |
| | £ | £ | £ | £ |
| At beginning of year | 56,698 | 38,379 | 2,464 | 1,829 |
| (Charge for)/released during the year | (17,498) | 18,319 | 1,436 | 635 |
| At end of year | 39,200 | 56,698 | 3,900 | 2,464 |

The deferred tax asset is made up as follows

| | Group | | Company | |
|--------------------------------|---------------|---------------|----------------|----------------|
| | 2012 | 2011 | 2012 | 2011 |
| | £ | £ | £ | £ |
| Accelerated capital allowances | 36,760 | 56,698 | (3,010) | (2,464) |
| Tax losses brought forward | 2,440 | - | (890) | - |
| | 39,200 | 56,698 | (3,900) | (2,464) |

AWS ELECTRONICS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

17 SHARE CAPITAL

| | 2012 £ | 2011 £ |
|--|----------------|----------------|
| Shares classified as capital | | |
| Allotted, called up and fully paid | | |
| 85,714 A ordinary Shares shares of £1 each | 85,714 | 85,714 |
| 34,286 B Ordinary Shares shares of £1 each | 34,286 | 34,286 |
| 14,286 C Ordinary Shares shares of £1 each | 14,286 | 14,286 |
| | <u>134,286</u> | <u>134,286</u> |
| Shares classified as debt | | |
| Allotted, called up and fully paid | | |
| 497,714 Redeemable preference shares shares of £1 each | <u>497,714</u> | <u>497,714</u> |

18. RESERVES

| | Capital redempt'n reserve £ | Profit and loss account £ |
|---------------------|--------------------------------------|---------------------------------|
| Group | | |
| At 1 July 2011 | 133,000 | 3,659,610 |
| Profit for the year | | 728,763 |
| | <u>133,000</u> | <u>4,388,373</u> |
| At 30 June 2012 | | |
| Company | | |
| At 1 July 2011 | 133,000 | (263,874) |
| Profit for the year | | 667,957 |
| | <u>133,000</u> | <u>404,083</u> |
| At 30 June 2012 | | |

AWS ELECTRONICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

19 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

| | 2012 £ | 2011 £ |
|-----------------------------|------------------|------------------|
| Group | | |
| Opening shareholders' funds | 3,926,896 | 2,806,524 |
| Profit for the year | 728,763 | 1,120,372 |
| | <u>4,655,659</u> | <u>3,926,896</u> |
| Closing shareholders' funds | | |
| | <u>4,655,659</u> | <u>3,926,896</u> |
| Company | | |
| Opening shareholders' funds | 3,412 | 170,913 |
| Profit/(loss) for the year | 667,957 | (167,501) |
| | <u>671,369</u> | <u>3,412</u> |
| Closing shareholders' funds | | |
| | <u>671,369</u> | <u>3,412</u> |

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account

The profit for the year dealt with in the accounts of the company was £667,957 (2011 - £230,199)

20. NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2012 £ | 2011 £ |
|--|------------------|------------------|
| Operating profit | 1,041,892 | 1,790,873 |
| Amortisation of intangible fixed assets | 402,046 | 408,798 |
| Depreciation of tangible fixed assets | 235,145 | 380,294 |
| Decrease/(increase) in stocks | 1,246,891 | (1,247,914) |
| Decrease/(increase) in debtors | 3,839,769 | (1,746,220) |
| (Decrease)/increase in creditors | (4,118,108) | 1,762,494 |
| | <u>2,647,635</u> | <u>1,348,325</u> |
| Net cash inflow from operating activities | | |
| | <u>2,647,635</u> | <u>1,348,325</u> |

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

| | 2012 £ | 2011 £ |
|--|------------------|------------------|
| Returns on investments and servicing of finance | | |
| Interest paid | (157,678) | (146,867) |
| Hire purchase interest | (11,776) | (15,398) |
| | <u>(169,454)</u> | <u>(162,265)</u> |
| Net cash outflow from returns on investments and servicing of finance | | |
| | <u>(169,454)</u> | <u>(162,265)</u> |

AWS ELECTRONICS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

21 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

| | 2012 £ | 2011 £ |
|---|--------------------|--------------------|
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | (330,867) | (142,627) |
| Sale of tangible fixed assets | - | 5,357 |
| Net cash outflow from capital expenditure | <u>(330,867)</u> | <u>(137,270)</u> |
| | 2012 £ | 2011 £ |
| Financing | | |
| Repayment of other loans | (330,000) | (160,000) |
| Parent company loan | (1,739,090) | (1,593,892) |
| Repayment of finance leases | (57,310) | (150,710) |
| Net cash outflow from financing | <u>(2,126,400)</u> | <u>(1,904,602)</u> |

22. ANALYSIS OF CHANGES IN NET DEBT

| | 1 July 2011 £ | Cash flow £ | Other non-cash changes £ | 30 June 2012 £ |
|---------------------------|---------------------|------------------|-----------------------------------|----------------------|
| Cash at bank and in hand | 2,104 | (2,104) | - | - |
| Bank overdraft | (1,604,387) | (217,300) | - | (1,821,687) |
| | <u>(1,602,283)</u> | <u>(219,404)</u> | <u>-</u> | <u>(1,821,687)</u> |
| Finance leases | (191,814) | 57,310 | (38,565) | (173,069) |
| Debts due within one year | (4,758,725) | 2,069,090 | - | (2,689,635) |
| Net debt | <u>(6,552,822)</u> | <u>1,906,996</u> | <u>(38,565)</u> | <u>(4,684,391)</u> |

Non cash changes represent new finance leases entered into during the year

23 PENSION COMMITMENTS

Certain companies within the group operate defined contributions pension schemes. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £63,920 (2011 - £154,671). Contributions totalling £10,813 (2011 - £17,578) were payable to the fund at the year end and are included in creditors.

AWS ELECTRONICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

24 OPERATING LEASE COMMITMENTS

At 30 June 2012 the Group had annual commitments under non-cancellable operating leases as follows

| | Land and buildings | |
|-------------------------|--------------------|---------|
| | 2012 | 2011 |
| Group | £ | £ |
| Expiry date | | |
| Within 1 year | 28,198 | - |
| Between 2 and 5 years | 136,250 | 164,448 |
| After more than 5 years | 180,000 | 180,000 |

At 30 June 2012 the Company had annual commitments under non-cancellable operating leases as follows

| | Land and buildings | |
|-----------------------|--------------------|--------|
| | 2012 | 2011 |
| Company | £ | £ |
| Expiry date | | |
| Between 2 and 5 years | 16,250 | 16,250 |

25 OTHER FINANCIAL COMMITMENTS

The group and company has guaranteed the borrowings of its parent and subsidiary undertakings. At 30 June 2012 potential liabilities under this arrangement for the group amounted to £5,851,430 (2011 £6,949,329) and for the company £7,496,923 (2011 £8,554,862). The guarantee is secured by a debenture over the assets of the group and company.

As at the 30 June 2012 the group had forward foreign exchange contracts amounting to £244,444. This was not significantly different from the fair value of the contracts.

26 RELATED PARTY TRANSACTIONS

Advantage has been taken not to disclose transactions with group companies included within these consolidated financial statements.

At 30 June 2012 and 30 June 2011 the company owed £100,930 to its immediate parent undertaking AWS Electronics GH (2008) Limited.

During the year the company made cash transfers and payments on behalf of its ultimate parent undertaking AWS Group Holdings Limited amounting to £1,739,089 (2011 £1,593,894). At 30 June 2012 the company owed AWS Group Holdings Limited £1,912,851 (2011 £3,651,940).

The group has received group relief for which no consideration was paid from AWS Group Holdings Limited amounting to £254,486 (2011 consideration was paid amounting to £269,333).

AWS ELECTRONICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

27 POST BALANCE SHEET EVENTS

On 31 October 2012 the company and its wholly owned subsidiaries were acquired by DEKE Holdings Limited, replacing AWS Group Holdings Limited as its ultimate parent undertaking. Under the sale and purchase agreement the company's net indebtedness to AWS Group Holdings Limited and the company's immediate parent undertaking, AWS GH (2008) Limited, amounting to £1,645,716 was waived, thus improving the net asset position of the company by the same amount.

As part of the transaction the company and all of its subsidiaries were released from their cross guarantee securing the bank borrowings of their former parent (amounting to £5,830,000 as at the year end) and a new cross guarantee and debenture was entered into to secure the bank facilities of the DEKE Holdings Limited group amounting to £6,397,000 as at completion.

On 31 October 2012 the company received interim dividends for the year ended 30 June 2013 from its subsidiary undertakings amounting to £1,810,000.

Following its acquisition of AWS Electronics Group Limited and its subsidiary undertakings, the directors consider DEKE Holdings limited, a company registered in England and Wales, to be the company's ultimate parent undertaking and Mr P Deehan to be the ultimate controlling party.

28 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

At 30 June 2012 the company's immediate parent undertaking was AWS Electronics GH (2008) Limited and its ultimate parent undertaking and controlling party was AWS Group Holdings Limited. Following its acquisition of AWS Electronics Group Limited and its subsidiary undertakings, the directors consider DEKE Holdings limited, a company registered in England and Wales, to be the company's ultimate parent undertaking and Mr P Deehan to be the ultimate controlling party.

29 PRINCIPAL SUBSIDIARIES

| Company name | Country | Percentage Shareholding |
|--------------------------------|-------------------|--------------------------------|
| AWS Electronics Limited | England and Wales | 100% |
| Jantec Electronic Services Ltd | England and Wales | 100% |
| Cemgraft Ltd | England and Wales | 100% |
| AWS Slovakia s r o | Slovakia | 100% |

All subsidiary companies manufacture electronic equipment.