

**AWS ELECTRONICS GROUP LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**Registered Number 05626347 (England and Wales)**

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# **AWS ELECTRONICS GROUP LIMITED**

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**FOR THE YEAR ENDED 30 JUNE 2016**

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# **AWS ELECTRONICS GROUP LIMITED**

## **COMPANY INFORMATION**

**FOR THE YEAR ENDED 30 JUNE 2016**

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<b>Directors</b>	P Deehan AS Keane
<b>Company secretary</b>	AS Keane
<b>Principal and Registered Office</b>	Croft Road Industrial Estate Newcastle Staffordshire ST5 0TW
<b>Company Registration Number</b>	05626347 (England and Wales)
<b>Independent Auditor</b>	RSM UK Audit LLP Suite A 7 <sup>th</sup> Floor City Gate East Tollhouse Hill Nottingham NG1 5FS

**AWS ELECTRONICS GROUP LIMITED**  
**GROUP STRATEGIC REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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The directors present the strategic report and financial statements for the year ended 30 June 2016.

**Business review**

The results for the period and the financial position as at 30 June 2016 are shown in the annexed financial statements.

Activity year on year grew 5.6%, the majority of which was in the Slovakia subsidiary, which has continued to demonstrate further increases in activity since the year end. Forecasts indicate growth in both subsidiaries and overall in excess of 10% for the forthcoming year.

The Group continued to invest in capital equipment and people, principally in the growing Slovakian subsidiary, AWS Slovakia s.r.o. and the directors are of the view that this will continue, with the Group now in its optimal strategic shape. The Group invested in additional space and a separate automotive production hall in Slovakia and this combined with the continual process of enhancing standardised systems across the Group.

New business opportunities continue to present themselves, both during the year and beyond, principally in Slovakia. A number of new workload streams have been secured and are in their ramp up phase at the point of preparing this report.

**Principal risks and uncertainties**

- Our success is dependent 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.

**Key performance indicators**

The Group considers a wide range of performance indicators continuously throughout each year, ranging from financial to operational.

Financially, cash driven profit, working capital management and efficient use of investable resources are key. Operationally the two factories are measured upon a wide range of key performance statistics under the umbrella of industry leading requirements. The Group particularly looks to feedback from it's customer base as key to having delivered successfully.

**AWS ELECTRONICS GROUP LIMITED**  
**GROUP STRATEGIC REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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**Financial instruments**


The Group's policy is to finance working capital through retained earnings and term bank and other borrowings at fixed and the prevailing market rates and to fix the sterling value of export sales and purchases when a contract is signed and forward purchase/sell 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 the natural hedging of foreign currency inflows and outflows and the prevailing market rate of interest being stable.

The Group does not have significant concentrations of credit risk as exposure is spread over a number of counterparties and customers. Trade debtor balances are monitored on an on-going basis with the aim of minimising the Group's exposure to bad debts.

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.

This report was approved by the board on 27 October 2016 and signed on its behalf.



P Deehan  
Director

**AWS ELECTRONICS GROUP LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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The directors present their report and the financial statements for the year ended 30 June 2016.

The company has not disclosed the following sections of the directors' report "Business review, key performance indicators, risks and uncertainties, future developments and financial instruments" as these have been included in the Strategic Report under S414C (11).

**Principal activity**

The principal activity of the group for the period under review was that of the manufacture of electronic equipment. The principal activity of the company for the period was that of a holding company.

**Results and dividends**

The profit for the year, before taxation, amounted to £121,475 (2015: £165,921).

A dividend of £nil (2015: £nil) was paid during the year. No final dividend is proposed (2015: £nil).

**Directors**

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

P Deehan  
AŞ Keane

**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.

# **AWS ELECTRONICS GROUP LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 30 JUNE 2016**

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### **Auditor**


RSM UK Audit LLP have indicated their willingness to be appointed for another term, and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### **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 27 October 2016 and signed on its behalf.



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P Deehan  
Director

**AWS ELECTRONICS GROUP LIMITED**  
**DIRECTORS' RESPONSIBILITIES STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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The directors are responsible for preparing the strategic report and 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 group and company and of the profit or loss of the group for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

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



# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AWS**

## **ELECTRONICS GROUP LIMITED**

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We have audited the group and parent company financial statements (the "financial statements") on pages 9 to 36. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 more fully explained in the Directors' Responsibilities Statement set out on page 6, 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 (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 30 June 2016 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 strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AWS**  
**ELECTRONICS GROUP LIMITED (CONTINUED)**

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**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.

*RSM UK Audit LLP*

Neil Stephenson (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Suite A  
7<sup>th</sup> Floor  
City Gate East  
Tollhouse Hill  
Nottingham  
NG1 5FS

27 October 2016

**AWS ELECTRONICS GROUP LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 £	2015 £
<b>Turnover</b>	3	<b>25,385,813</b>	<b>24,021,810</b>
Cost of sales		<u><b>(19,502,700)</b></u>	<u><b>(18,427,604)</b></u>
<b>GROSS PROFIT</b>		<b>5,883,113</b>	<b>5,594,206</b>
Administrative expenses		<b>(5,505,579)</b>	<b>(5,232,241)</b>
Operating profit before depreciation and amortisation ("EBITDA")		<b>1,081,440</b>	<b>1,027,019</b>
Depreciation and amortisation	4	<u><b>(703,906)</b></u>	<u><b>(665,054)</b></u>
<b>OPERATING PROFIT</b>	4	<b>377,534</b>	<b>361,965</b>
Fair value gain on foreign exchange forward contract		<b>3,333</b>	<b>10,389</b>
Interest receivable and similar income		-	<b>850</b>
Interest payable and similar charges	8	<b>(259,392)</b>	<b>(207,283)</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>121,475</b>	<b>165,921</b>
Tax on profit on ordinary activities	9	<b>6,671</b>	<b>(254,382)</b>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME</b>		<u><b>128,146</b></u>	<u><b>(88,461)</b></u>

The notes on pages 15 to 36 form part of these financial statements.

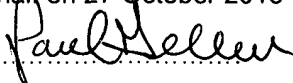
**AWS ELECTRONICS GROUP LIMITED**  
**REGISTERED NUMBER: 05626347**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 30 JUNE 2016**

	Note	2016		2015	
		£	£	£	£
<b>FIXED ASSETS</b>					
Goodwill	10		3,695,145		4,097,166
Other intangible assets	11		138,232		124,445
Total intangible assets			3,833,377		4,221,611
Tangible assets	12		710,242		756,722
			4,543,619		4,978,333
<b>CURRENT ASSETS</b>					
Stocks	14	3,466,448		2,906,681	
Debtors	15	6,893,059		5,512,981	
Cash at bank and in hand		294		816	
		10,359,801		8,420,478	
<b>CREDITORS: amounts falling due within one year</b>	16	(10,240,461)		(8,783,779)	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			119,340		(363,301)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			4,662,959		4,615,032
<b>CREDITORS: amounts falling due after more than one year</b>	17		(169,306)		(249,525)
<b>NET ASSETS</b>			4,493,653		4,365,507
<b>CAPITAL AND RESERVES</b>					
Called up share capital	20		134,286		134,286
Capital redemption reserve			133,000		133,000
Profit and loss account			4,226,367		4,098,221
<b>TOTAL EQUITY</b>			4,493,653		4,365,507

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 October 2016



P Deehan  
Director

The notes on pages 15 to 36 form part of these financial statements.

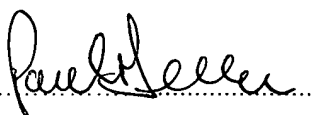
**AWS ELECTRONICS GROUP LIMITED**  
**REGISTERED NUMBER: 05626347**

**COMPANY STATEMENT OF FINANCIAL POSITION**

**AS AT 30 JUNE 2016**

	Note	£	2016 £	£	2015 £	£
<b>FIXED ASSETS</b>						
Other intangible assets	11		122,853		98,225	
Tangible assets	12		15,943		12,614	
Investments	13		11,664,162		11,664,162	
			<u>11,802,958</u>		<u>11,775,001</u>	
<b>CURRENT ASSETS</b>						
Debtors	15	2,453,000		85,908		
Cash at bank and in hand		<u>294</u>		<u>290</u>		
		2,453,294		86,198		
<b>CREDITORS:</b> amounts falling due within one year	16	<u>(10,807,163)</u>		<u>(6,962,412)</u>		
<b>NET CURRENT LIABILITIES</b>			<u>(8,353,869)</u>		<u>(6,876,214)</u>	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			3,449,089		4,898,787	
<b>PROVISIONS FOR LIABILITIES</b>						
Deferred tax	19		-		(7,483)	
<b>NET ASSETS</b>			<u>3,449,089</u>		<u>4,891,304</u>	
<b>CAPITAL AND RESERVES</b>						
Called up share capital	20		134,286		134,286	
Capital redemption reserve			133,000		133,000	
Profit and loss account			3,181,803		4,624,018	
<b>TOTAL EQUITY</b>			<u>3,449,089</u>		<u>4,891,304</u>	

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 October 2016



P Deehan  
Director

The notes on pages 15 to 36 form part of these financial statements.

**AWS ELECTRONICS GROUP LIMITED**  
**REGISTERED NUMBER: 05626347**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**AS AT 30 JUNE 2016**

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
Balance at 1 July 2014	134,286	133,000	4,186,682	<b>4,453,968</b>
Loss for the year	-	-	(88,461)	<b>(88,461)</b>
Total comprehensive income for the year	-	-	(88,461)	<b>(88,461)</b>
Balance at 30 June 2015	134,286	133,000	4,098,221	<b>4,365,507</b>
Profit for the year	-	-	128,146	<b>128,146</b>
Total comprehensive income for the year	-	-	128,146	<b>128,146</b>
Balance at 30 June 2016	134,286	133,000	4,226,367	<b>4,493,653</b>

The notes on pages 15 to 36 form part of these financial statements.

**AWS ELECTRONICS GROUP LIMITED**  
**REGISTERED NUMBER: 05626347**

**COMPANY STATEMENT OF CHANGES IN EQUITY**

**AS AT 30 JUNE 2016**

	Share Capital £	Capital redemption reserve £	Profit and loss account £	Total £
Balance at 1 July 2014	134,286	133,000	5,655,790	<b>5,923,076</b>
Loss for the year	-	-	(1,031,772)	<b>(1,031,772)</b>
Total comprehensive income for the year	-	-	(1,031,772)	<b>(1,031,772)</b>
Balance at 30 June 2015	134,286	133,000	4,624,018	<b>4,891,304</b>
Loss for the year	-	-	(1,442,215)	<b>(1,442,215)</b>
Total comprehensive income for the year	-	-	(1,442,215)	<b>(1,442,215)</b>
Balance at 30 June 2016	134,286	133,000	3,181,803	<b>3,449,089</b>

The notes on pages 15 to 36 form part of these financial statements.

**AWS ELECTRONICS GROUP LIMITED**  
**REGISTERED NUMBER: 05626347**

**CONSOLIDATED STATEMENT OF CASHFLOWS**

**AS AT 30 JUNE 2016**

	Note	2016 £	2015 £
<b>OPERATING ACTIVITIES</b>			
Cash generated from operations	21	1,125,784	1,588,155
Interest paid		(259,392)	(207,283)
Income taxes paid		(161,065)	(29,648)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>705,327</b>	<b>1,351,224</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of tangible fixed assets		(157,274)	(269,529)
Purchase of intangible fixed assets		(66,718)	(80,422)
Interest received		-	850
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		<b>(223,992)</b>	<b>(349,101)</b>
<b>FINANCING ACTIVITIES</b>			
Advances from parent company		(605,752)	(1,184,749)
Repayments of borrowings		-	(8,694)
Repayments of obligations under finance leases		(108,984)	(102,066)
Movement on invoice discounting facility		699,296	269,536
<b>NET CASH OUTFLOW FROM FINANCING ACTIVITIES</b>		<b>(15,440)</b>	<b>(1,025,973)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>465,895</b>	<b>(23,850)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>(590,910)</b>	<b>(602,208)</b>
Effect of foreign exchange rate changes		24,519	35,148
<b>CASH AND CASH EQUIVALENT AT THE END OF YEAR</b>		<b>(100,496)</b>	<b>(590,910)</b>
Relating to:			
Bank balances and short term deposits included in cash at bank and in hand		294	816
Overdrafts included in "creditors: amounts falling due within one year"		(100,790)	(591,726)
		<b>(100,496)</b>	<b>(590,910)</b>

The notes on pages 15 to 36 form part of these financial statements.



**AWS ELECTRONICS GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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**1 ACCOUNTING POLICIES**

**General information**

AWS Electronics Group Limited ("the Company") is a private limited company domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is included on page 1.

The Group consists of AWS Electronics Group Limited and all of its subsidiaries.

The Company's and the Group's principal activities and nature of operations are included in the directors' report.

**Basis of accounting**

These financial statements are the first financial statements of AWS Electronics Group Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting standard applicable in the UK and the Republic of Ireland' (FRS 102) and the requirements of the Companies Act 2006. The financial statements of AWS Electronics Group Limited for the period ended 30 June 2016 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from the previous accounting standards applied. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Adjustments are recognised directly in retained earnings at the transition date. Further details on the differences are detailed in note 28.

Monetary amounts in these financial statements are rounded to the nearest whole £1, except where otherwise indicated.

**Reduced disclosures**

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

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

**AWS ELECTRONICS GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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**Basis of preparation**

The financial statements have been prepared on a going concern basis, which assumes that the group will be able to continue to trade for the foreseeable future.

At 30 June 2016 the parent company balance sheet reflected net current liabilities of £8,353,869 (2015: £6,876,214) and the group balance sheet net current assets of £119,340 (2015: liabilities of £363,301). Included in creditors falling due within one year, in the parent company balance sheet are net amounts due to group companies of £7,614,324 (2015: £6,256,119) and redeemable preference shares amounting to £497,714 (2015: £497,714), the latter also included in the group balance sheet. In practice none of these amounts will be repaid within 12 months. The directors of the group and its ultimate parent company have prepared trading forecasts to 30 June 2017 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 will have sufficient funding to meet their liabilities as they fall due, based on facilities agreed with the group's bankers as at the date the financial statements were approved.

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.

**Functional currencies**

The financial statements are presented in sterling which is also the functional currency of the group and company.

**Basis of consolidation**

The financial statements consolidate the accounts of AWS Electronics Group Limited and all of its subsidiary undertakings ('subsidiaries'). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 30 June.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated fully on consolidation.

As permitted by s408 of the Companies Act 2006, the Company has not presented its own Statement of Comprehensive Income. The Company's profit for the year and total comprehensive income for the year is losses of £1,442,215 (2015: £1,031,772).

**Turnover**

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

**AWS ELECTRONICS GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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**Foreign currencies**

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

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the reporting date.

Exchange gains and losses are taken to profit or loss.

**Intangible fixed assets and amortisation**

*Goodwill*

Goodwill is amortised to profit or loss over its estimated economic life of 20 years, as in the opinion of the directors, this represents the period over which the goodwill is expected to give rise to economic benefits.

*Other intangible assets*

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:-

Purchased computer software - 3-4 years

Amortisation is revised prospectively for any significant change in useful life or residual value.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

**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	- 25% straight line

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

**AWS ELECTRONICS GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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**Impairment of tangible and intangible assets**

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount and an impairment loss is recognised immediately in profit or loss.

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) prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**Investments**

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairments losses or reversals of impairment losses are recognised immediately in profit or loss.

**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 risks and rewards of ownership are assumed by the Group. 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 profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**Operating leases**

Rentals under operating leases are charged to profit or loss 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 lease term.

**Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and net realisable value on a weighted average cost basis after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs.

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**Cash and cash equivalents**

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

**Taxation**

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

Current tax assets are recognised when tax paid exceeds the tax payable.

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

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries, that will be assessed to or allow for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

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

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

**Research and development**

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

**Pensions**

The group operates a defined contribution pension scheme and the pension charge represents the contributions payable by the group to the fund in respect of the year.

**Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

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**Financial instruments**

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

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**Financial assets**

*Trade, group and other debtors*

Trade, group and other debtors which are receivable within one year are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

**Financial liabilities and equity**

Financial instruments are classified as liabilities and equity instruments 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.

*Equity instruments*

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

*Own shares*

The fair value of consideration given for shares repurchased by the Company is deducted from equity.

*Bank overdrafts*

Bank overdrafts are presented within creditors: amounts falling due within one year.

*Trade, group and other creditors*

Trade, group and other creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

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**Financial instruments (continued)**

***Derecognition of financial assets and liabilities***

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, 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. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

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**2 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

*Critical accounting estimates and assumptions*

The company makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Stock provisions*

The realisable value of stock is calculated using long established and well tested methodologies that take account of changes in market dynamics, expected obsolescence, shelf life and recoverable balances.

*Debtor provision*

The Group makes judgements as to its ability to collect outstanding trade debtors and provides allowances for the portion of trade debtors when collection becomes doubtful. Provisions are made on a review of all outstanding cash flows and the period of time which exceeds the invoice due date.

*Tangible fixed asset depreciation and intangible asset amortisation*

The assessment of the useful lives and the method of depreciating tangible fixed assets and amortising intangible assets requires judgement. Depreciation and amortisation are charged to profit or loss based on the useful life selected, which requires an estimation of the period and profile over which the Group expects to consume the future economic benefits embodied in the assets.

*Functional currency of AWS Slovakia s.r.o.*

The directors consider that the functional currency of this entity to be GBP sterling due to the majority of its trade being in this currency. The results of this entity have therefore been consolidated on this basis, as opposed to using the entities presentational currency which is euros.

**3. TURNOVER**

The turnover is all attributable to the one principal activity of the group.

An analysis of turnover by class of business is as follows:

	2016	2015
	£	£
UK	19,623,504	19,160,310
Rest of the World	5,762,309	4,861,500
	<u>25,385,813</u>	<u>24,021,810</u>



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**4. OPERATING PROFIT**

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

	2016 £	2015 £
Amortisation		
- goodwill	402,021	401,997
- other intangible assets	52,931	33,885
Depreciation of tangible fixed assets:		
- owned by the group	138,070	146,038
- held under finance leases	110,884	83,134
Operating lease rentals:		
- other operating leases	300,081	370,367
Difference on foreign exchange	(25,129)	22,130
Stock		
- amounts expensed to cost of sales	15,245,315	14,574,869
- impairment losses/(gains) recognised in cost of sales	73,907	(56,563)

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**5. AUDITOR'S REMUNERATION**

	2016 £	2015 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	4,120	4,000
Fees payable to the company's auditor and its associates in respect of:		
-The auditing of accounts of subsidiaries of the company	26,050	26,000
-Taxation compliance services	5,605	5,500
- Tax advisory services	6,800	-
- Other services	6,000	-

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**6. EMPLOYEES**

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	5,518,311	5,996,511
Social security costs	1,044,047	668,375
Other pension costs	97,920	109,431
	<u>6,660,278</u>	<u>6,774,317</u>

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

	2016 No.	2015 No.
Direct operatives	277	256
Indirect operatives	107	105
Agency staff	15	4
	<u>399</u>	<u>365</u>

**7. DIRECTORS' REMUNERATION**

	2016 £	2015 £
Remuneration	399,502	402,724
Company pension contributions to defined contribution pension schemes	34,735	41,682
	<u>434,237</u>	<u>444,406</u>

During the year retirement benefits were accruing to 2 directors (2015: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £213,937 (2015: £215,739).

The value of the group's contribution to a money purchase pension scheme in respect of the highest paid director amount to £21,833 (2015: £26,199).

**8. INTEREST PAYABLE**

	2016 £	2015 £
On bank loans, overdrafts and invoice discounting fees	244,288	189,545
On finance leases and hire purchase contracts	15,104	17,738
	<u>259,392</u>	<u>207,283</u>

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**9. TAXATION**

	2016 £	2015 £
<b>Analysis of tax (credit)/charge in the year.</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	-	-
Adjustments in respect of prior period	(68,575)	-
	<u>(68,575)</u>	<u>-</u>
Foreign tax on income for the year	96,852	85,589
Adjustments in respect of prior period	-	(7,193)
<b>Total current tax</b>	<u>28,277</u>	<u>78,396</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(32,721)	175,986
Effect of increased tax rate on opening liability	12,475	-
Prior year adjustment	(14,702)	-
<b>Total deferred tax</b> (see note 19)	<u>(34,948)</u>	<u>175,986</u>
<b>Tax on profit on ordinary activities</b>	<u>(6,671)</u>	<u>254,382</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 20.75%). The differences are explained below:

	2016 £	2015 £
<b>Profit on ordinary activities before tax</b>	<u>121,475</u>	<u>159,681</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.75%)	24,295	33,134
<b>Effects of:</b>		
Non-tax deductible amortisation of goodwill and impairment	46,058	69,550
Expenses not deductible for tax purposes	14,140	14,213
Adjustments to tax charge in respect of prior periods	(83,277)	(7,193)
Foreign profits charged at different tax rates	(10,904)	(16,282)
Group relief not paid for	(52,309)	(14,303)
Unprovided deferred tax	42,851	175,263
Other timing differences	12,475	-
<b>Tax (credit)/expense</b>	<u>(6,671)</u>	<u>254,382</u>

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**9. TAXATION (continued)**

**Factors that may affect future tax charges**

Legislation to reduce the main rate of Corporation Tax from 20% to 19% from 1 April 2016 and 19% to 18% for 1 April 2017 were enacted on 1 October 2015 and hence deferred tax balances in these accounts have been reassessed to reflect the rate in the period the related timing difference is expected to reverse.

At the 2016 budget, the government announced a further reduction in the rate to 17% from 1 April 2020 which had not been enacted at the year end so has not been considered in the determination of deferred tax.

**10. INTANGIBLE FIXED ASSETS - GOODWILL**

	Goodwill £	Purchased goodwill £	Total £
<b>Group</b>			
<b>Cost</b>			
At 1 July 2015 and 30 June 2016	6,708,229	1,336,794	8,045,023
<b>Amortisation</b>			
At 1 July 2015	2,944,653	1,003,204	3,947,857
Charge for the year	335,181	66,840	402,021
At 30 June 2016	3,279,834	1,070,044	4,349,878
<b>Net book value</b>			
At 30 June 2016	<u>3,428,395</u>	<u>266,750</u>	<u>3,695,145</u>
At 30 June 2015	<u>3,763,576</u>	<u>333,590</u>	<u>4,097,166</u>

**11. OTHER INTANGIBLE ASSETS**

	Purchased computer software £
<b>Group</b>	
<b>Cost:</b>	
At 1 July 2015	310,128
Additions	66,718
At 30 June 2016	376,846
<b>Amortisation and impairment:</b>	
At 1 July 2015	185,683
Amortisation charged in the year	52,931
At 30 June 2016	238,614
<b>Carrying amount:</b>	
At 30 June 2016	<u>138,232</u>
At 30 June 2015	<u>124,445</u>

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**11. OTHER INTANGIBLE ASSETS (continued)**

	Purchased computer software £
<b>Company</b>	
<b>Cost:</b>	
At 1 July 2015	136,843
Additions	<u>66,718</u>
At 30 June 2016	<u>203,561</u>
<b>Amortisation and impairment:</b>	
At 1 July 2015	38,618
Amortisation charged in the year	<u>42,090</u>
At 30 June 2016	<u>80,708</u>
<b>Carrying amount:</b>	
At 30 June 2016	<u><u>122,853</u></u>
At 30 June 2015	<u><u>98,225</u></u>

**12. TANGIBLE FIXED ASSETS**

	Leasehold property improv'ts £	Plant and machinery £	Fixtures, fittings and equipment £	Office equipment £	Total £
<b>Group</b>					
<b>Cost</b>					
At 1 July 2015	163,568	3,171,126	537,602	452,884	4,325,180
Additions	<u>-</u>	<u>162,386</u>	<u>27,761</u>	<u>12,327</u>	<u>202,474</u>
At 1 July 2016	<u>163,568</u>	<u>3,333,512</u>	<u>565,363</u>	<u>465,211</u>	<u>4,527,654</u>
<b>Depreciation</b>					
At 1 July 2015	163,568	2,536,601	443,024	425,265	3,568,458
Charge for the year	<u>-</u>	<u>195,276</u>	<u>43,127</u>	<u>10,551</u>	<u>248,954</u>
At 30 June 2016	<u>163,568</u>	<u>2,731,877</u>	<u>486,151</u>	<u>435,816</u>	<u>3,817,413</u>
<b>Net book value</b>					
At 30 June 2016	<u>-</u>	<u>601,635</u>	<u>79,212</u>	<u>29,395</u>	<u>710,242</u>
At 30 June 2015	<u>-</u>	<u>634,525</u>	<u>94,578</u>	<u>27,619</u>	<u>756,722</u>

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**12. TANGIBLE FIXED ASSETS (continued)**

Assets held under finance leases or hire purchase contracts, included above, are as follows:

<b>Group</b>	<b>Cost 2016 £</b>	<b>Net book value 2016 £</b>	<b>Cost 2015 £</b>	<b>Net book value 2015 £</b>
Plant and machinery	<u>552,943</u>	<u>250,423</u>	<u>507,743</u>	<u>316,107</u>
		<b>Fixtures, fittings and equipment £</b>	<b>Office equipment £</b>	<b>Total £</b>
<b>Company</b>				
<b>Cost</b>				
At 1 July 2015		53,878	200,411	254,289
Additions		-	10,044	10,044
At 1 July 2016		<u>53,878</u>	<u>210,455</u>	<u>264,333</u>
<b>Depreciation</b>				
At 1 July 2015		46,991	194,684	241,675
Charge for the year		3,201	3,514	6,715
At 30 June 2016		<u>50,192</u>	<u>198,198</u>	<u>248,390</u>
<b>Net book value</b>				
At 30 June 2016		<u>3,686</u>	<u>12,257</u>	<u>15,943</u>
At 30 June 2015		<u>6,887</u>	<u>5,727</u>	<u>12,614</u>

**13. FIXED ASSET INVESTMENTS**

	<b>Investments in subsidiary companies £</b>
<b>Company</b>	
<b>Cost and net book value</b>	
At 1 July 2015 and 30 June 2016	<u>11,664,162</u>

Details of the principal subsidiaries can be found under note number 27.

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**14. STOCKS**

	<b>Group 2016 £</b>	<b>Group 2015 £</b>	<b>Company 2016 £</b>	<b>Company 2015 £</b>
Raw materials	<b>1,890,233</b>	1,707,586	-	-
Work in progress	<b>1,576,215</b>	1,199,095	-	-
	<b><u>3,466,448</u></b>	<u>2,906,681</u>	<u>-</u>	<u>-</u>

**15. DEBTORS**

	<b>Group 2016 £</b>	<b>Group 2015 £</b>	<b>Company 2016 £</b>	<b>Company 2015 £</b>
<i>Amounts falling due within one year:</i>				
Trade debtors	<b>4,086,694</b>	3,327,916	-	-
Amounts owed by group undertakings	<b>2,340,068</b>	1,734,316	<b>2,340,068</b>	-
Other debtors	-	61,088	<b>29,445</b>	14,723
Prepayments and accrued income	<b>239,678</b>	271,387	<b>64,876</b>	71,185
Deferred tax asset (see note 19)	<b>154,882</b>	118,274	<b>18,611</b>	-
Corporate tax receivable	<b>71,737</b>	-	-	-
	<b><u>6,893,059</u></b>	<u>5,512,981</u>	<u><b>2,453,000</b></u>	<u>85,908</u>

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**16. CREDITORS: Amounts falling due within one year**

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank loans and overdrafts	267,944	734,361	-	-
Net obligations under finance leases and hire purchase contracts	103,729	87,294	-	-
Amounts due under invoice discounting facility	2,813,027	2,113,731	-	-
Amounts owed to group undertakings	-	-	9,954,392	6,256,119
Trade creditors	4,261,822	3,231,462	133,749	90,051
Corporation tax	-	59,391	-	-
Other taxation and social security	610,173	816,359	-	-
Other creditors	330,923	287,033	73,013	40,894
Accruals and deferred income	1,355,129	953,101	148,295	77,634
Share capital treated as debt (see note 20)	497,714	497,714	497,714	497,714
Foreign currency forward contracts	-	3,333	-	-
	<u>10,240,461</u>	<u>8,783,779</u>	<u>10,807,163</u>	<u>6,962,412</u>

Finance leases are secured over the assets to which they relate.

Bank loans of the group amounting to £167,154 (2015: £142,635) are secured by fixed and floating charges over the assets of a subsidiary company and are guaranteed by the company. Bank overdrafts amounting to £100,790 (2015: £591,726) are secured by a legal mortgage over book debts, a first fixed and floating charge over all other assets, and a cross guarantee from the UK companies within the AWS Electronics Group Limited group.

Amounts due under an invoice discounting arrangement are secured by a charge over the assets to which they relate.



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**17. CREDITORS: Amounts falling due after more than one year**

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Net obligations under finance leases and hire purchase contracts	<u>169,306</u>	<u>249,525</u>	<u>-</u>	<u>-</u>

Obligations under finance leases and hire purchase contracts, included above, have minimum lease payments as follows:

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Within one year	112,112	116,363	-	-
Between two and five years	171,551	253,245	-	-
Less interest costs	<u>(10,628)</u>	<u>(32,789)</u>	<u>-</u>	<u>-</u>
Net creditors	<u>273,035</u>	<u>336,819</u>	<u>-</u>	<u>-</u>

Finance leases are secured over the assets to which they relate.

**18. FINANCIAL INSTRUMENTS**

The carrying amount of the Group financial instruments at 30 June 2016 were:

	30 June 2016 £	30 June 2015 £
Financial assets:		
Measured at amortised cost	<u>6,426,762</u>	<u>5,062,232</u>
Financial liabilities:		
Measured at amortised cost	9,799,594	8,154,221
Measure at fair value through profit or loss		
- Foreign exchange forward contracts	-	3,333
Total	<u>9,799,594</u>	<u>8,157,554</u>

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**19. DEFERRED TAX**

	<b>Group 2016 £</b>	<b>Group 2015 £</b>	<b>Company 2016 £</b>	<b>Company 2015 £</b>
At beginning of year	<b>118,274</b>	294,260	<b>(7,483)</b>	(7,193)
(Charge for) / released during the year	<b>34,948</b>	(175,986)	<b>26,094</b>	(290)
Impact of foreign exchange	<b>1,660</b>	-	-	-
At end of year	<b>154,882</b>	118,274	<b>18,611</b>	(7,483)

The deferred taxation balance is made up as follows:

	<b>Group 2016 £</b>	<b>Group 2015 £</b>	<b>Company 2016 £</b>	<b>Company 2015 £</b>
Accelerated capital allowances	<b>151,171</b>	117,539	<b>15,519</b>	(7,483)
Short term timing differences	<b>3,711</b>	735	<b>3,092</b>	-
	<b>154,882</b>	118,274	<b>18,611</b>	(7,483)

In addition to the above the group and company has a further deferred tax debtor amounting to £333,499 (2015: £280,861) relating to losses which has not been recognised.

**20. SHARE CAPITAL AND RESERVES**

<b>SHARE CAPITAL</b>	<b>2016 £</b>	<b>2015 £</b>
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**Shares classified as capital**

**Allotted, called up and fully paid**

85,714 A Ordinary shares of £1 each	<b>85,714</b>	85,714
34,286 B Ordinary shares of £1 each	<b>34,286</b>	34,286
14,286 C Ordinary shares of £1 each	<b>14,286</b>	14,286
	<b>134,286</b>	134,286

**Shares classified as debt**

**Allotted, called up and fully paid**

497,714 Redeemable preference shares of £1 each	<b>497,714</b>	497,714
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The 'A', 'B' and 'C' shares rank pari passu in all respects. On winding up ordinary shares rank last for repayment but share fully in any net assets of the company remaining after all other parties are paid in full. 'A' share rank above 'B' and 'C' shares on winding up.

The preference shares are non-voting but rank above ordinary shares on winding up. These shares are redeemable on demand, with no premium payable.

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**20. SHARE CAPITAL AND RESERVES (continued)**

**RESERVES**

The reserves of the group and company represent the following:

*Capital redemption reserve*

The nominal value of shares repurchased.

*Profit and loss account*

Cumulative profit and loss net of distribution to owners.

**21 RECONCILIATION OF PROFIT AFTER TAX TO NET CASH GENERATED FROM OPERATIONS**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Profit/(loss) after tax	<b>128,146</b>	(88,461)
Adjustments for:		
Depreciation of tangible fixed assets	<b>248,954</b>	229,172
Amortisation of intangible assets	<b>454,952</b>	435,882
Gains on forward contracts	<b>(3,333)</b>	(10,389)
Interest receivable	-	(850)
Interest payable	<b>259,392</b>	207,283
Taxation	<b>(6,671)</b>	254,382
	<b>1,081,440</b>	1,027,019
Operating cash flow before movements in working capital		
(Increase)/decrease in stocks	<b>(559,767)</b>	949,797
(Increase)/decrease in trade and other debtors	<b>(665,981)</b>	(381,868)
Increase/(decrease) in trade and other creditors	<b>1,270,092</b>	(6,793)
Cash generated from operations	<b>1,125,784</b>	1,588,155

**22. 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 £97,920 (2015: £109,431). Contributions totalling £18,853 (2015: £11,531) were payable to the fund at the year end and are included in creditors.

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**23. OPERATING LEASE COMMITMENTS**

The group had total minimum future commitments under non-cancellable operating leases as follows:

<b>Group</b>	<b>Land and buildings</b>	
	<b>2016</b>	<b>2015</b>
<b>Amounts due:</b>	<b>£</b>	<b>£</b>
Within 1 year	<b>304,353</b>	281,491
Between 1 and 5 years	<b>787,762</b>	826,742
After 5 years	<b>505,479</b>	653,520
	<b><u>1,597,594</u></b>	<b><u>1,761,753</u></b>

The company had no future commitments under non-cancellable operating leases.

**24. OTHER FINANCIAL COMMITMENTS**

The group and company has guaranteed the borrowings of its parent and subsidiary undertakings. At 30 June 2016 potential liabilities under this arrangement for the group amounted to £3,300,000 (2015: £3,650,000) and for the company £5,907,113 (2015: £5,763,731). The guarantee is secured by a debenture over the assets of the group and company.

**25. KEY MANAGEMENT REMUNERATION**

The total remuneration of the directors and managers who are considered to be the key management of the group was £487,060 (2015: £499,982).

**26. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

At 30 June 2016 the directors consider DEKE Holdings Limited, a company registered in England and Wales, to be the company's ultimate parent undertaking. These accounts are the smallest group in which the company's results are consolidated. Copies of the consolidated financial statements of DEKE Holdings, the largest group in which these company's results are consolidated, can be obtained from the registered office, Croft Road Industrial Estate, Newcastle, Staffordshire, ST5 0TW.

Mr P Deehan is considered to be the ultimate controlling party, by virtue of his control of DEKE Holdings Limited.

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**27. PRINCIPAL SUBSIDIARIES**

Company name	Country	Direct 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 manufactured electronic equipment.

Jantec Electronic Services Ltd and Cemgraft Ltd ceased to trade on 30 June 2014 following the transfer of their businesses to other group companies, and are now dormant companies.

**28. FIRST TIME ADOPTION OF FRS 102**

Reconciliations and descriptions of the effect of the transition to FRS 102 on;

- (i) the consolidated equity at the date of transition to FRS 102;
  - (ii) the consolidated equity at the end of the comparative period;
  - (iii) the consolidated profit or loss for the comparative period reported under previous UK GAAP;
  - (iv) the company equity at the date of transition to FRS 102;
  - (v) the company equity at the end of the comparative period; and
  - (vii) the company profit or loss for the comparative period reported under previous UK GAAP
- are given below.

Under FRS 102, the Consolidated Statement of Cash Flows presents changes in cash and cash equivalents (which include cash in hand, deposits repayable on demand and overdrafts and short-term, highly liquid investments), showing changes arising from operating activities, investing activities and financing activities separately. Under previous UK GAAP, the Consolidated Cash Flow Statement presented changes in cash (which includes cash in hand, deposits repayable on demand and overdrafts) under the headings of operating activities, returns on investments and servicing of finance, taxation, capital expenditure and financial investment, acquisitions and disposals, equity dividends paid, management of liquid resources, and financing.

RECONCILIATIONS OF CONSOLIDATED EQUITY		1 July 2014 £	30 June 2015 £
	Notes		
Consolidated equity as previously reported under previous UK GAAP		4,535,239	4,440,538
Holiday pay accrual	A	(67,549)	(71,698)
Fair value losses on foreign exchange forward contracts	B	(13,722)	(3,333)
Consolidated equity reported under FRS 102		<u>4,453,968</u>	<u>4,365,507</u>

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**28. FIRST TIME ADOPTION OF FRS 102 (continued)**

RECONCILIATION OF CONSOLIDATED PROFIT OR LOSS	Notes	Year ended 30 June 2015 £
Consolidated profit or loss as previously reported under previous UK GAAP		(94,701)
Holiday pay accrual	A	(4,149)
Fair value gains on foreign exchange forward contracts	B	10,389
Consolidated profit or loss reported under FRS 102		<u>(88,461)</u>

RECONCILIATION OF COMPANY EQUITY	Notes	1 July 2014 £	30 June 2015 £
Company equity as previously reported under previous UK GAAP		5,944,166	4,913,838
Holiday pay accrual	A	(21,090)	(22,534)
Company equity reported under FRS 102		<u>5,923,076</u>	<u>4,891,304</u>

RECONCILIATION OF COMPANY PROFIT OR LOSS	Notes	Year ended 30 June 2015 £
Company loss as previously reported under previous GAAP		(1,030,328)
Holiday pay accrual	A	(1,444)
Company loss reported under FRS 102		<u>(1,031,772)</u>

A Under former UK GAAP there was no requirement to accrue for holiday pay. In line with FRS 102 this has now been accrued for.

B Under previous UK GAAP fair value gains/losses on foreign exchange forward contracts were disclosed, but not recognised, in the financial statements. Under FRS 102 these instruments have now been recognised.

Under previous UK GAAP, software costs were capitalised within tangible fixed assets. Under FRS 102, software costs are classified as intangible assets. The impact of this is to reduce the net book value of tangible fixed assets by £124,445 of 30 June 2015 for the group and £98,225 for the company.