

Strategic Report, Report of the Director and  
Audited Financial Statements for the Year Ended 31 December 2021  
for  
Rapid Electronics Limited

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for the Year Ended 31 December 2021

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Rapid Electronics Limited

Company Information  
for the Year Ended 31 December 2021

**DIRECTOR:** J G Bates

**REGISTERED OFFICE:** Severalls Hall  
Severalls Lane  
Colchester  
Essex  
CO4 5JS

**REGISTERED NUMBER:** 01509592 (England and Wales)

**AUDITORS:** RSM UK Audit LLP  
Third Floor  
Priory Place  
New London Road  
Chelmsford  
Essex  
CM2 0PP

Strategic Report  
for the Year Ended 31 December 2021

The director presents his strategic report for the year ended 31 December 2021.

With over 40 years of distribution experience, Rapid has built a strong reputation within the education and electronics industry for its competitive pricing, fast fulfilment, and high service levels. 2021 has been an exceptional and demanding 12 months at Rapid and I would like to put on record a deep appreciation for the outstanding contribution shown by Rapid colleagues in what has been a personally and professionally demanding time. Teams throughout the business went above and beyond to support the Company, support each other, and keep serving our customers.

**REVIEW OF BUSINESS**  
**2021 Business Performance**

The statement of income and retained earnings discloses the full results. A summary, along with other selected Key Performance Indicators is as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Revenue	24,763	19,628
Profit before tax	1,385	955
Tax	(286)	(186)
Profit for the year after tax	1,099	768
Return on sales	5.6%	4.9%
Revenue per employee	217	165
Profit after tax per employee	9.64	6.45
Net cash and cash equivalents	2,126	2,788

The results reflect the agility and stability in our core business whilst being able to invest and explore market growth opportunities; not only from the operational challenges of COVID-19, but proactively managing the global semi-conductor shortage, the bottlenecks at container ports coupled with the Suez Canal incident accident has tested our resilience and created appreciation for our business agility.

The creation of the Steering Committee and launch of a 5 year strategic plan ensured focus in championing customers and suppliers, inspiring our colleagues and providing amazing service through operational excellence. The foundation of the strategic plan and execution draws further on the success of the Integrated Management System which was successfully passed a surveillance audit including ISO9001, ISO45001, ISO14001 and Customer Service Excellence.

Turnover increased by 26% compared to prior year, an increase of £5.14m and an increase of £4.11m compared to 2019 (pre COVID-19). Our Sales Divisions are united by a common purpose and guiding principles that ensure we "Think Big and Win Big" with success coming from partnerships we create between our suppliers and customers. The increase reflects strong performance in all sectors but particularly outstanding performance by Replenishh.

Replenishh is Rapid's EV charging brand that was launched in 2019 with its aim to help build the EV infrastructure within the UK in line with the Government's strategy of preparing the UK to ban the sale of new petrol, diesel, or hybrid cars by 2030. 2021 revenue for Replenishh had 203.18% DAG revenue growth.

Education saw 32.8% DAG revenue growth despite the interruption schools continued to face in 2021. The growth was mainly from the Higher Education and University sector as schools continued to face ongoing disruption with COVID-19. Our continued customer relationships with the Education sector has seen significant growth in 2022 compared to prior year.

Industry benefited from long-term relationships, particularly in the OEM segment and achieved 21.3% DAG revenue growth. The long-term stock services ensured our customers had flexibility over their deliveries and security over the price and stock availability.

Strategic Report  
for the Year Ended 31 December 2021

The development and delivery of our products and services rely on the ideas, expertise, and application of all colleagues. This makes talent central to our business model. 2021 has seen our core values embedded into the culture with 2022 focussing on a culture of inclusivity and good support infrastructure, whether this is from our Rapid University, fair and transparent reward schemes or understanding career development opportunities.

Cost management is still a key focus area for the Management Team, as noted by the growth in operating profit compared to prior year. Tight controls on operational spend such as marketing and IT have continued in 2021 allowing Rapid to continue to invest in our colleagues through bonus and pay reviews.

Rapid continues to have a strong balance sheet coupled with good short-term liquidity, cash reserves are over £2m in the current and prior year. Rapid can utilise its strong working capital to leverage its operating capability through increased stock purchases.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

<b>Risk</b>	<b>Potential Impact</b>	<b>Mitigations</b>
<b>COVID-19</b> Rapid is exposed to the impact of COVID-19 on both its customers and suppliers as well as its colleagues.	Fall in sales due to imposed lockdowns. Increase in bad debt as customers are unable to trade and meet previous obligations. Inability to meet stock requirements due to supply chain restrictions. Inability to operate warehouse due to staff sickness shortages.	Reduction in sales can be mitigated due to balanced customer portfolio across multiple sectors. Mix of cash and credit sales coupled with strong cash position and Group backing for short term loans. Increased purchase of long-lead items specifically from Far East. Staff are multi-trained and therefore the warehouse staff can be resourced from other areas of the business.
<b>Russia-Ukraine Conflict</b> The impact of Russia's invasion of Ukraine have added unease to an already volatile financial market. The volatility of financial markets could impact the supplier and customer chain.	Fall in sales due to customer recession impacts. Fall in supplies due to supplier distribution difficulties. Increase in wholesale energy pricing.	At present there is no immediate impact from a customer or supplier perspective; we currently do not serve the Russia market and our European exports are not a significant proportion of turnover. The supply chain is being constantly reviewed and where components have been historically sourced from Ukraine alternatives are being actively reviewed; these components do not form a material impact of our stocked range. Rapid are continuing to review the macro economic factors, coupled with the uncertainty in the oil and gas markets with regards this war and are preparing for any recession implications. Rapid's energy use is relatively low due to a focus on energy efficiency which will limit potential increases.
<b>Business Disruption</b> Rapid could be exposed to disruption caused by fire or failure of essential IT equipment.	Temporary cessation of operations could adversely impact the results.	Robust disaster recovery procedures are in place. Insurance level covers business interruption and stock damage whilst alternative premises were sought.

Strategic Report  
for the Year Ended 31 December 2021

**Fraud**

The risk that an employee or group of employees could obtain funds or products through deception either directly or with external assistance.

Significant financial fraud could deplete the company's assets and affect the financial results.

Rapid has robust control procedures in place that are designed to minimise the risk. Segregation of duties are a key component within these controls.

**Foreign Exchange**

The risk that the fair value of financial instruments or future cash flows will fluctuate because of changes in foreign exchange rates. Our trading in Europe and Asia, and thus exposure to USD and Euro are the key risk areas.

Significant fluctuation in USD or Euro exchange rates could adversely impact the results

An element of natural hedging for Euro transactions is undertaken. Significant purchases are hedged in advanced. Transaction values tend to be relatively low and therefore significant exchange rate exposure is normally less than 30 days.

**Credit risk**

The inability of trade receivables to pay exposes Rapid to credit risk

Insufficient funds could result in the company not being able to fund its operations

Third party agents are used to assess credit risk and credit limits are set in accordance to these risk assessments and customer historic payment profile. Orders are held if payment terms are exceeded.

**Liquidity risk**

The risk that Rapid will not have sufficient funds to meet its obligations as they fall due.

Insufficient funds could result in the company not being able to fund its operations

Rapid has a strong working capital ratio in conjunction with good Group and Bank relationships that could be used to support any short-term liquidity issues.

**ON BEHALF OF THE BOARD:**

J G Bates - Director

31 March 2022

Report of the Director  
for the Year Ended 31 December 2021

The director presents his report with the financial statements of the company for the year ended 31 December 2021.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the wholesale, distribution and retail of electronic components, equipment and tools.

**DIVIDENDS**

An interim dividend of 105.06747 per share was paid on 14 December 2021. The director recommends that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2021 will be £ 851,049 .

**GOING CONCERN**

Despite the significant challenges COVID-19 has placed on the business and its associated supply and customer chain the company has adapted accordingly and as such has seen strong revenue and profit growth compared to the prior year. Further information on the financial performance for the year is included in the Strategic Report. The director has assessed the impact of COVID-19 and the Russian-Ukraine war and, whilst the macro-economic factors are difficult to quantify, has incorporated additional sensitivities into detailed profit and loss forecasts. The company remains a going concern for a period of at least 12 months from approval of the financial statements.

**MATTERS OF STRATEGIC IMPORTANCE**

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

**QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

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

**DIRECTOR**

J G Bates held office during the whole of the period from 1 January 2021 to the date of this report.

**DIRECTOR'S RESPONSIBILITIES STATEMENT**

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

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

Report of the Director  
for the Year Ended 31 December 2021

**DIRECTOR'S RESPONSIBILITIES STATEMENT - continued**

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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

**AUDITORS**

The auditors, RSM UK Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

J G Bates - Director

31 March 2022

### **Opinion**

We have audited the financial statements of Rapid Electronics Limited (the 'company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

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

### **Other information**

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and of its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the director's report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of director**

As explained more fully in the Director's Responsibilities Statement set out on pages seven and eight, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditors' responsibilities for the audit of the financial statements**

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

**The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating compliance information received from external tax advisors.

Report of the Independent Auditors to the Members of  
Rapid Electronics Limited

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these laws and regulations and inspected correspondence with licencing or regulatory authorities for any evidence of incidents and completed searches for any reportable incidents in the public domain.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgements and estimates applied in the calculation of debtor and stock provisions.

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

**Use of our report**

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

Kerry Norman (Senior Statutory Auditor)  
for and on behalf of RSM UK Audit LLP  
Third Floor  
Priory Place  
New London Road  
Chelmsford  
Essex  
CM2 0PP

31 March 2022

Statement of Comprehensive Income  
for the Year Ended 31 December 2021

	Notes	31.12.21 £	31.12.20 £
<b>TURNOVER</b>	3	24,763,349	19,628,370
Cost of sales		<u>17,565,746</u>	<u>13,688,287</u>
<b>GROSS PROFIT</b>		7,197,603	5,940,083
Administrative expenses		<u>5,823,136</u>	<u>5,283,997</u>
		1,374,467	656,086
Other operating income		<u>4,541</u>	<u>287,570</u>
<b>OPERATING PROFIT</b>	5	1,379,008	943,656
Interest receivable and similar income	6	<u>6,374</u>	<u>11,248</u>
<b>PROFIT BEFORE TAXATION</b>		1,385,382	954,904
Tax on profit	7	<u>286,214</u>	<u>186,453</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		1,099,168	768,451
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>1,099,168</u>	<u>768,451</u>

Statement of Financial Position  
31 December 2021

	Notes	31.12.21		31.12.20	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	9		20,660		31,031
Tangible assets	10		<u>428,149</u>		<u>408,200</u>
			448,809		439,231
<b>CURRENT ASSETS</b>					
Stocks	11	5,479,271		4,379,217	
Debtors	12	3,928,716		3,368,991	
Cash at bank and in hand		<u>2,126,515</u>		<u>2,788,341</u>	
		11,534,502		10,536,549	
<b>CREDITORS</b>					
Amounts falling due within one year	13	<u>4,256,921</u>		<u>3,522,387</u>	
<b>NET CURRENT ASSETS</b>			<u>7,277,581</u>		<u>7,014,162</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			7,726,390		7,453,393
<b>PROVISIONS FOR LIABILITIES</b>	15		<u>66,252</u>		<u>41,374</u>
<b>NET ASSETS</b>			<u>7,660,138</u>		<u>7,412,019</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		810,002		810,002
Retained earnings	17		<u>6,850,136</u>		<u>6,602,017</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>7,660,138</u>		<u>7,412,019</u>

The financial statements were approved by the director and authorised for issue on 31 March 2022 and were signed by:

J G Bates - Director

Statement of Changes in Equity  
for the Year Ended 31 December 2021

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1 January 2020</b>	810,002	6,354,287	7,164,289
Dividends	-	(520,721)	(520,721)
Total comprehensive income	-	768,451	768,451
<b>Balance at 31 December 2020</b>	<u>810,002</u>	<u>6,602,017</u>	<u>7,412,019</u>
Dividends	-	(851,049)	(851,049)
Total comprehensive income	-	1,099,168	1,099,168
<b>Balance at 31 December 2021</b>	<u>810,002</u>	<u>6,850,136</u>	<u>7,660,138</u>

Notes to the Financial Statements  
for the Year Ended 31 December 2021

**1. STATUTORY INFORMATION**

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

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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

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

As a result of being a qualifying entity, the Company has taken advantage of the exemptions from the following disclosure requirements in accordance with FRS 102

- Section 4 "Statement of Financial Position" - Recognition of the opening and closing number of shares
- Section 7 "Statement of Cash Flows" - Presentation of a statement of cash flow and related notes and disclosure;

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

2. **ACCOUNTING POLICIES - continued**

**Significant judgements and estimates**

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

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

**Critical judgements**

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

**Provisions**

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

**Useful lives of property, plant and equipment**

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

**Turnover**

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

**Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software is being amortised evenly over its estimated useful life of five years.

2. **ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

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

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

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

**Impairment of fixed assets**

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

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

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

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

2. **ACCOUNTING POLICIES - continued**

**Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance the the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred.

**Stocks**

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

**Financial instruments**

The company has elected to apply the provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments Issues" of FRS 102 to all of its financial instruments. Financial Instruments are recognise when the company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Taxation**

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

Current or deferred taxation assets and liabilities are not discounted.

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

**Deferred tax**

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

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

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

2. **ACCOUNTING POLICIES - continued**

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

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

**Hire purchase and leasing commitments**

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

**Retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss account in the year they are payable.

Differences between contributions payable in the year and contributions actually paid are shown as either other debtors or other creditors in the balance sheet.

2. **ACCOUNTING POLICIES - continued**

**Financial assets and liabilities**

**Basic financial assets**

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

**Impairment of financial assets**

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

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

**Derecognition of financial assets**

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

**Classification of financial liabilities**

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

**Basic financial liabilities**

Basic financial liabilities, which include other creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debit instrument is measured at the present value of the future payments discounted at a market rate of interest.

**Derecognition of financial liabilities**

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

**Employee benefits**

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

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

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

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021

2. **ACCOUNTING POLICIES - continued**

**Going concern**

At the time of approving the financial statements, the Director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, a period of at least 12 months from the approval of the financial statements. As part of his assessment, the Director has prepared detailed profit and loss and cashflow forecasts for the company which take into account their best estimate of the impact of Covid-19 on the business, and these demonstrate that the company has sufficient cash for the foreseeable future. It is expected that the continuing impact of Covid-19 and the Russia-Ukraine conflict will not have a material impact on the ability of the company to continue to operate as a going concern and as such the Director continues to adopt the going concern basis of accounting in preparing the financial statements.

3. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	<b>31.12.21</b>	<b>31.12.20</b>
	<b>£</b>	<b>£</b>
United Kingdom	23,660,608	18,498,840
Europe	729,196	797,795
Rest of the World	373,545	331,735
	<u>24,763,349</u>	<u>19,628,370</u>

4. **EMPLOYEES AND DIRECTORS**

	<b>31.12.21</b>	<b>31.12.20</b>
	<b>£</b>	<b>£</b>
Wages and salaries	3,321,187	3,163,570
Social security costs	273,401	265,931
Other pension costs	188,052	194,828
	<u>3,782,640</u>	<u>3,624,329</u>

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

	<b>31.12.21</b>	<b>31.12.20</b>
Office	69	72
Warehouse	44	46
Directors	1	1
	<u>114</u>	<u>119</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021

4. **EMPLOYEES AND DIRECTORS - continued**

	<b>31.12.21</b>	<b>31.12.20</b>
	<b>£</b>	<b>£</b>
Director's remuneration	164,317	112,873
Director's pension contributions to money purchase schemes	<u>7,495</u>	<u>7,197</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
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5. **OPERATING PROFIT**

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

	<b>31.12.21</b>	<b>31.12.20</b>
	<b>£</b>	<b>£</b>
Other operating leases	320,000	297,083
Depreciation - owned assets	66,056	62,089
Loss on disposal of fixed assets	-	7,836
Computer software amortisation	10,371	8,307
Auditors' remuneration	21,638	17,100
Foreign exchange differences	72,459	(40,640)
Stock impairment	<u>63,485</u>	<u>248,093</u>

6. **INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>31.12.21</b>	<b>31.12.20</b>
	<b>£</b>	<b>£</b>
Deposit account interest	8	2,132
Other interest received	-	76
Interest from group companies	<u>6,366</u>	<u>9,040</u>
	<u>6,374</u>	<u>11,248</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021

7. **TAXATION**

**Analysis of the tax charge**

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

	<b>31.12.21</b>	<b>31.12.20</b>
	<b>£</b>	<b>£</b>
Current tax:		
UK corporation tax	261,336	185,302
Corporation tax previous year	-	(3,108)
Total current tax	<u>261,336</u>	<u>182,194</u>
Deferred tax:		
Deferred tax	24,878	1,478
Deferred tax previous year	-	2,781
Total deferred tax	<u>24,878</u>	<u>4,259</u>
Tax on profit	<u>286,214</u>	<u>186,453</u>

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	<b>31.12.21</b>	<b>31.12.20</b>
	<b>£</b>	<b>£</b>
Profit before tax	<u>1,385,382</u>	<u>954,904</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	263,223	181,432
Effects of:		
Expenses not deductible for tax purposes	128	159
Depreciation in excess of capital allowances	25,566	495
Adjustments to tax charge in respect of previous periods	-	(3,108)
Deferred tax adjustments in respect of prior years	-	2,781
Changes in tax rates	-	4,694
Movement in provisions	<u>(2,703)</u>	<u>-</u>
Total tax charge	<u>286,214</u>	<u>186,453</u>

8. **DIVIDENDS**

	<b>31.12.21</b>	<b>31.12.20</b>
	<b>£</b>	<b>£</b>
Ordinary shares of £1 each		
Interim	<u>851,049</u>	<u>520,721</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021

9. INTANGIBLE FIXED ASSETS

	Computer software £
<b>COST</b>	
At 1 January 2021 and 31 December 2021	<u>547,527</u>
<b>AMORTISATION</b>	
At 1 January 2021	516,496
Amortisation for year	<u>10,371</u>
At 31 December 2021	<u>526,867</u>
<b>NET BOOK VALUE</b>	
At 31 December 2021	<u>20,660</u>
At 31 December 2020	<u>31,031</u>

The amortisation of intangible assets is included within administrative expenses.

10. TANGIBLE FIXED ASSETS

	Long leasehold £	Plant and machinery £	Totals £
<b>COST</b>			
At 1 January 2021	55,171	1,686,192	1,741,363
Additions	-	86,005	86,005
Disposals	-	(3,660)	(3,660)
At 31 December 2021	<u>55,171</u>	<u>1,768,537</u>	<u>1,823,708</u>
<b>DEPRECIATION</b>			
At 1 January 2021	19,194	1,313,969	1,333,163
Charge for year	3,635	62,421	66,056
Eliminated on disposal	-	(3,660)	(3,660)
At 31 December 2021	<u>22,829</u>	<u>1,372,730</u>	<u>1,395,559</u>
<b>NET BOOK VALUE</b>			
At 31 December 2021	<u>32,342</u>	<u>395,807</u>	<u>428,149</u>
At 31 December 2020	<u>35,977</u>	<u>372,223</u>	<u>408,200</u>

11. STOCKS

	<b>31.12.21</b>	<b>31.12.20</b>
	£	£
Finished goods	<u>5,479,271</u>	<u>4,379,217</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021

12. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>31.12.21</b>	<b>31.12.20</b>
	<b>£</b>	<b>£</b>
Trade debtors	3,008,913	2,238,342
Bad debt provision	(91,918)	(47,729)
Amounts owed by group undertakings	840,408	1,030,989
Other debtors	37,293	31,809
Tax	-	10,156
Prepayments	134,020	105,424
	<u>3,928,716</u>	<u>3,368,991</u>

13. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>31.12.21</b>	<b>31.12.20</b>
	<b>£</b>	<b>£</b>
Trade creditors	3,136,356	2,255,586
Amounts owed to group undertakings	-	52,316
Tax	51,181	-
Social security and other taxes	69,014	64,174
VAT	5,523	513,074
Other creditors	30,676	31,823
Accrued expenses	964,171	605,414
	<u>4,256,921</u>	<u>3,522,387</u>

14. **LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	<b>31.12.21</b>	<b>31.12.20</b>
	<b>£</b>	<b>£</b>
Within one year	333,447	343,429
Between one and five years	1,283,735	1,616,817
In more than five years	1,254,575	1,253,333
	<u>2,871,757</u>	<u>3,213,579</u>

15. **PROVISIONS FOR LIABILITIES**

	<b>31.12.21</b>	<b>31.12.20</b>
	<b>£</b>	<b>£</b>
Deferred tax	<u>66,252</u>	<u>41,374</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021

15. PROVISIONS FOR LIABILITIES - continued

	<b>Deferred tax £</b>
Balance at 1 January 2021	41,374
Charge to Statement of Comprehensive Income during year	<u>24,878</u>
Balance at 31 December 2021	<u>66,252</u>

16. CALLED UP SHARE CAPITAL

<b>Allotted, issued and fully paid:</b>			<b>31.12.21</b>	<b>31.12.20</b>
<b>Number:</b>	<b>Class:</b>	<b>Nominal value:</b>	<b>£</b>	<b>£</b>
810,002	Ordinary	£1	<u>810,002</u>	<u>810,002</u>

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

17. RESERVES

	<b>Retained earnings £</b>
At 1 January 2021	6,602,017
Profit for the year	1,099,168
Dividends	<u>(851,049)</u>
At 31 December 2021	<u>6,850,136</u>

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

18. CAPITAL COMMITMENTS

	<b>31.12.21</b>	<b>31.12.20</b>
	<b>£</b>	<b>£</b>
Contracted but not provided for in the financial statements	<u>19,930</u>	<u>4,020</u>

19. OTHER FINANCIAL COMMITMENTS

The Company is contingently liable for £20,000 (2020: £20,000) in respect of an HM Revenue & Customs duty deferment guarantee given to enable release of imports prior to payment of duty.

**20. ULTIMATE CONTROLLING PARTY**

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

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

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

**21. RETIREMENT BENEFIT SCHEMES**

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes totalled £188,052 in the year (2020: £194,828)

Contributions totalling £23,780 (2020: £24,079) were payable to the fund at the year end and are included in creditors.

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