

Company Registration Number 2527559 (England and Wales)

CEMA LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020

CEMA LIMITED

COMPANY INFORMATION

Directors Mr F Ciaurro
Mr C Arthey
Mr P Gregory
Mr G Moreley
Mr M Parsons
Mr R Sharpe (Appointed 22 March 2021)
Mr S Roberts
Mr P Wright

Secretary Mrs C Hardy

Company number 2527559

Registered office White House
Wollaton Street
Nottingham
NG1 5GF

Auditor Higson & Co.
White House
Wollaton Street
Nottingham
NG1 5GF

Business address Victoria Business Park
Pintail Close
Netherfield
Nottingham
NG4 2SG

CEMA LIMITED

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CEMA LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

Fair review of the business

The company has had a satisfactory trading year given the difficulties faced by the UK in relation to the Covid-19 pandemic.

Turnover is down by around 10% on the previous year, but profit's have remained as forecast and this is mainly due to company being able to use the Government Job Retention Scheme as well as some redundancies in the company to match work load.

Throughout the pandemic, the company due to the commitment of a highly skilled and dedicated workforce working with customers and supply chain partners have been able to adjust and evolve working practices in the face of the challenges presented by the pandemic.

Other than Job Retention Scheme and the VAT deferment scheme the company have not used any further government aid during the pandemic.

Financial risk management objectives and policies

The principal risk that could materially affect the business, revenues, operating income, net income, net assets or liquidity is general economic risk. This risk is managed by regularly forecasting future cashflows and monitor banking facilities to ensure sufficient funds are available to meet the company's financial obligations for the foreseeable future.

The company have also considered the risks if the pandemic was to continue, this risk has been managed by the company looking at the supply chain especially for special items such as PPE equipment, they have also increased stock levels of certain items due to concerns of not being able to get specific materials on time.

The company have implemented Covid safe working practices and where possible encouraged staff to work from home.

Development and performance

The objective of the directors is to continue to grow the turnover of the company within the water industry, but also looking into opportunities to expand outside of this sector. The directors consider the sector they work in and those they intend to expand into as being low risk, largely due to the company's experience in technology utilised in these sectors.

The company have secured a Framework on 3 sites for the next 5 years and are waiting to hear back on 4 others. The directors are confident of the company's ability to manage through the current challenges and to continue to be stronger in its chosen markets.

Key performance indicators

| | 2020 | 2019 |
|----------------|-------------|-------------|
| Turnover | 15,114,394 | 16,633,283 |
| Gross profit % | 17.82% | 18.54% |

On behalf of the board

Mr F Ciaurro
Director

24 September 2021

CEMA LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the company continued to be that of an electrical engineering company, specialising in understanding and meeting the requirements of the UK water industry.

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £20,000. The directors do not recommend payment of a further dividend.

Directors

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

Mr F Ciaurro

Mr C Arthey

Mr P Gregory

Mr G Moreley

Mr M Parsons

Mr R Sharpe

Mr M Jakubiak

(Retired 29 January 2021)

Mr S Binns

(Retired 29 January 2021)

Mr P Littlehales

(Retired 29 January 2021)

Mr S Roberts

(Appointed 22 March 2021)

Mr P Wright

Auditor

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

Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

CEMA LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of directors' responsibilities

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

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

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

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

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr F Ciaurro
Director

24 September 2021

CEMA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CEMA LIMITED

Opinion

We have audited the financial statements of Cema Limited (the 'company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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 directors 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 directors are 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 our audit:

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

CEMA LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF CEMA LIMITED

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

CEMA LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF CEMA LIMITED

Use of our report

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

**David Wallwork BA FCA (Senior Statutory Auditor)
for and on behalf of Higson & Co.**

**Chartered Accountants
Statutory Auditor**

24 September 2021

White House
Wollaton Street
Nottingham
NG1 5GF

CEMA LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

| | Notes | 2020 £ | 2019 £ |
|---|-----------|--------------|--------------|
| Turnover | 3 | 15,114,394 | 16,633,283 |
| Cost of sales | | (12,331,285) | (13,549,293) |
| Gross profit | | 2,783,109 | 3,083,990 |
| Administrative expenses | | (2,778,411) | (3,268,586) |
| Other operating income | | 653,349 | - |
| Operating profit/(loss) | 4 | 658,047 | (184,596) |
| Interest receivable and similar income | 7 | 9,660 | 2,739 |
| Interest payable and similar expenses | 8 | (45,925) | (435,541) |
| Amounts written off investments | 9 | 6,077 | 413,672 |
| Profit/(loss) before taxation | | 627,859 | (203,726) |
| Tax on profit/(loss) | 10 | (22,585) | (172,663) |
| Profit/(loss) for the financial year | | 605,274 | (376,389) |

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

CEMA LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

| | Notes | 2020 | | 2019 | |
|--|-------|------------------|------------------|------------------|------------------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 12 | | 179,812 | | 200,070 |
| Investment properties | 13 | | 235,414 | | 235,414 |
| Investments | 14 | | 506,077 | | - |
| | | | <u>921,303</u> | | <u>435,484</u> |
| Current assets | | | | | |
| Stocks | 16 | 72,649 | | 72,972 | |
| Debtors | 17 | 3,599,914 | | 5,193,841 | |
| Cash at bank and in hand | | 4,750,343 | | 2,252,511 | |
| | | <u>8,422,906</u> | | <u>7,519,324</u> | |
| Creditors: amounts falling due within one year | 18 | (7,577,853) | | (6,858,930) | |
| Net current assets | | | <u>845,053</u> | | <u>660,394</u> |
| Total assets less current liabilities | | | <u>1,766,356</u> | | <u>1,095,878</u> |
| Creditors: amounts falling due after more than one year | 19 | | (189,642) | | (105,500) |
| Provisions for liabilities | | | | | |
| Deferred tax liability | 21 | 14,006 | | 12,944 | |
| Defined benefit pension liability | 22 | 508,000 | | 508,000 | |
| | | <u>(522,006)</u> | | <u>(520,944)</u> | |
| Net assets | | | <u>1,054,708</u> | | <u>469,434</u> |
| Capital and reserves | | | | | |
| Called up share capital | 23 | | 10,017 | | 10,017 |
| Share premium account | | | 2,968 | | 2,968 |
| Profit and loss reserves | | | 1,041,723 | | 456,449 |
| Total equity | | | <u>1,054,708</u> | | <u>469,434</u> |

The financial statements were approved by the board of directors and authorised for issue on 24 September 2021 and are signed on its behalf by:

Mr F Ciaurro
Director

Company Registration No. 2527559

CEMA LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

| | Notes | Share capital £ | Share premium account £ | Profit and loss reserves £ | Total £ |
|--|-----------|--------------------|----------------------------|-------------------------------|------------|
| Balance at 1 January 2019 | | 10,017 | 2,968 | 852,838 | 865,823 |
| Year ended 31 December 2019: | | | | | |
| Loss and total comprehensive income for the year | | - | - | (376,389) | (376,389) |
| Dividends | 11 | - | - | (20,000) | (20,000) |
| Balance at 31 December 2019 | | 10,017 | 2,968 | 456,449 | 469,434 |
| Year ended 31 December 2020: | | | | | |
| Profit and total comprehensive income for the year | | - | - | 605,274 | 605,274 |
| Dividends | 11 | - | - | (20,000) | (20,000) |
| Balance at 31 December 2020 | | 10,017 | 2,968 | 1,041,723 | 1,054,708 |

CEMA LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

| | Notes | 2020 £ | £ | 2019 £ | £ |
|---|-------|--------------------|---|------------------|---|
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 28 | 3,891,411 | | 1,491,323 | |
| Interest paid | | (45,925) | | (435,541) | |
| Income taxes paid | | (112,372) | | (75,857) | |
| | | | | | |
| Net cash inflow from operating activities | | 3,733,114 | | 979,925 | |
| Investing activities | | | | | |
| Purchase of tangible fixed assets | | (79,237) | | (64,094) | |
| Proceeds on disposal of tangible fixed assets | | 12,792 | | 6,575 | |
| Purchase of investments | | (506,077) | | - | |
| Receipts arising from loans made | | (637,650) | | 1,087,537 | |
| Interest received | | 9,660 | | 2,739 | |
| | | | | | |
| Net cash (used in)/generated from investing activities | | (1,200,512) | | 1,032,757 | |
| Financing activities | | | | | |
| Payment of finance leases obligations | | (14,769) | | (27,071) | |
| Dividends paid | | (20,000) | | (20,000) | |
| | | | | | |
| Net cash used in financing activities | | (34,769) | | (47,071) | |
| | | | | | |
| Net increase in cash and cash equivalents | | 2,497,833 | | 1,965,611 | |
| Cash and cash equivalents at beginning of year | | 2,252,511 | | 286,899 | |
| | | | | | |
| Cash and cash equivalents at end of year | | 4,750,343 | | 2,252,511 | |

CEMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Cema Limited is a private company limited by shares incorporated in England and Wales. The registered office is White House, Wollaton Street, Nottingham, NG1 5GF. The principal place of business is Victoria Business Park, Pintail Close, Netherfield, Nottingham, NG4 2SG.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Tangible fixed assets

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

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|-----------------------|----------------------|
| Plant and equipment | 15% reducing balance |
| Fixtures and fittings | 15% reducing balance |
| Motor vehicles | 25% straight line |

CEMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

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

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.6 Fixed asset investments

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

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

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). 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.

CEMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

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

1.9 Cash and cash equivalents

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

1.10 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

CEMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

CEMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

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

Current tax

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

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

1.13 Employee benefits

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

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.

1.14 Retirement benefits

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

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

CEMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.15 Leases

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

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

1.16 Government grants

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

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

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

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

CEMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

3 Turnover and other revenue

| | 2020 | 2019 |
|---|-----------------------------|-----------------------------|
| | £ | £ |
| Turnover analysed by class of business | | |
| Assembly of control panels & Installation contracts | 15,114,394 | 16,633,283 |
| | <u> </u> | <u> </u> |
| | 2020 | 2019 |
| | £ | £ |
| Other significant revenue | | |
| Interest income | 9,660 | 2,739 |
| Grants received | 653,349 | - |
| | <u> </u> | <u> </u> |

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

4 Operating profit/(loss)

| | 2020 | 2019 |
|---|-----------------------------|-----------------------------|
| | £ | £ |
| Operating profit/(loss) for the year is stated after charging/(crediting): | | |
| Government grants | (653,349) | - |
| Fees payable to the company's auditor for the audit of the company's financial statements | 29,750 | 29,500 |
| Depreciation of owned tangible fixed assets | 11,360 | 11,946 |
| Depreciation of tangible fixed assets held under finance leases | 84,226 | 90,309 |
| Profit on disposal of tangible fixed assets | (8,883) | (5,572) |
| | <u> </u> | <u> </u> |

Government grants are in respect of employees placed on "furlough" during the year, as part of the UK Government's Coronavirus Job Retention Scheme.

5 Employees

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

| | 2020 | 2019 |
|-------------------------------|-----------------------------|-----------------------------|
| | Number | Number |
| Management and administration | 45 | 47 |
| Production | 120 | 123 |
| | <u> </u> | <u> </u> |
| Total | 165 | 170 |
| | <u> </u> | <u> </u> |

CEMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

5 Employees (Continued)

Their aggregate remuneration comprised:

| | 2020 £ | 2019 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 6,204,339 | 6,168,695 |
| Social security costs | 475,809 | 768,213 |
| Pension costs | 106,253 | 143,713 |
| | <u>6,786,401</u> | <u>7,080,621</u> |

6 Directors' remuneration

| | 2020 £ | 2019 £ |
|---|----------------|----------------|
| Remuneration for qualifying services | 443,524 | 514,864 |
| Company pension contributions to defined contribution schemes | 12,086 | - |
| | <u>455,610</u> | <u>514,864</u> |

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

| | 2020 £ | 2019 £ |
|--------------------------------------|---------------|---------------|
| Remuneration for qualifying services | <u>70,463</u> | <u>72,768</u> |

7 Interest receivable and similar income

| | 2020 £ | 2019 £ |
|---------------------------|--------------|--------------|
| Interest income | | |
| Interest on bank deposits | 2,208 | 2,739 |
| Other interest income | 7,452 | - |
| | <u>9,660</u> | <u>2,739</u> |

Investment income includes the following:

| | | |
|--|--------------|--------------|
| Interest on financial assets not measured at fair value through profit or loss | <u>2,208</u> | <u>2,739</u> |
|--|--------------|--------------|

CEMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

8 Interest payable and similar expenses

| | 2020 | 2019 |
|--|----------------------|-----------------------|
| | £ | £ |
| Interest on financial liabilities measured at amortised cost: | | |
| Other interest on financial liabilities | - | 149,650 |
| Other finance costs: | | |
| Interest on finance leases and hire purchase contracts | 44,949 | 46,800 |
| Other interest | 976 | 239,091 |
| | <u>45,925</u> | <u>435,541</u> |
| | <u><u>45,925</u></u> | <u><u>435,541</u></u> |

9 Amounts written off investments

| | 2020 | 2019 |
|---|---------------------|-----------------------|
| | £ | £ |
| Fair value gains/(losses) on financial instruments | | |
| Amounts written back to fair value through profit or loss | 6,077 | - |
| Other gains/(losses) | | |
| Gain on disposal of investments held at fair value | - | 413,672 |
| | <u>6,077</u> | <u>413,672</u> |
| | <u><u>6,077</u></u> | <u><u>413,672</u></u> |

10 Taxation

| | 2020 | 2019 |
|--|----------------------|-----------------------|
| | £ | £ |
| Current tax | | |
| UK corporation tax on profits for the current period | 116,453 | 77,802 |
| Adjustments in respect of prior periods | (94,930) | 96,125 |
| | <u>21,523</u> | <u>173,927</u> |
| | <u><u>21,523</u></u> | <u><u>173,927</u></u> |
| Deferred tax | | |
| Origination and reversal of timing differences | 1,062 | (1,264) |
| | <u>1,062</u> | <u>(1,264)</u> |
| | <u><u>1,062</u></u> | <u><u>(1,264)</u></u> |
| Total tax charge | <u><u>22,585</u></u> | <u><u>172,663</u></u> |

CEMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

10 Taxation

(Continued)

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

| | 2020 | 2019 |
|---|-------------------|-------------------|
| | £ | £ |
| Profit/(loss) before taxation | 627,859 | (203,726) |
| | <u> </u> | <u> </u> |
| Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%) | 119,293 | (38,708) |
| Tax effect of expenses that are not deductible in determining taxable profit | 676 | 44,821 |
| Gains not taxable | (1,155) | 70,425 |
| Adjustments in respect of prior years | (94,930) | 96,125 |
| Permanent capital allowances in excess of depreciation | (1,062) | - |
| Deferred tax adjustments in respect of prior years | (237) | - |
| | <u> </u> | <u> </u> |
| Taxation charge for the year | 22,585 | 172,663 |
| | <u> </u> | <u> </u> |

11 Dividends

| | 2020 | 2019 |
|------------|-------------------|-------------------|
| | £ | £ |
| Final paid | 20,000 | 20,000 |
| | <u> </u> | <u> </u> |

CEMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

12 Tangible fixed assets

| | Plant and equipment £ | Fixtures and fittings £ | Motor vehicles £ | Total £ |
|------------------------------------|--------------------------|----------------------------|---------------------|------------|
| Cost | | | | |
| At 1 January 2020 | 140,775 | 532,205 | 465,859 | 1,138,839 |
| Additions | - | - | 79,237 | 79,237 |
| Disposals | - | - | (40,882) | (40,882) |
| At 31 December 2020 | 140,775 | 532,205 | 504,214 | 1,177,194 |
| Depreciation and impairment | | | | |
| At 1 January 2020 | 116,897 | 488,391 | 333,481 | 938,769 |
| Depreciation charged in the year | 3,582 | 6,572 | 85,432 | 95,586 |
| Eliminated in respect of disposals | - | - | (36,973) | (36,973) |
| At 31 December 2020 | 120,479 | 494,963 | 381,940 | 997,382 |
| Carrying amount | | | | |
| At 31 December 2020 | 20,296 | 37,242 | 122,274 | 179,812 |
| At 31 December 2019 | 23,878 | 43,814 | 132,378 | 200,070 |

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

| | 2020 £ | 2019 £ |
|----------------|-----------|-----------|
| Motor vehicles | 118,866 | 132,378 |

13 Investment property

| | 2020 £ |
|--|-----------|
| Fair value | |
| At 1 January 2020 and 31 December 2020 | 235,414 |

Investment property comprises of an apartment at Avenida De Francia, Malaga, Spain. The fair value of the investment property has been arrived at on the basis of a valuation carried by the directors. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

CEMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

14 Fixed asset investments

| | 2020 £ | 2019 £ |
|---|----------------|-----------|
| Listed investments | 506,077 | - |
| | <u>506,077</u> | <u>-</u> |
| Listed investments included above: | | |
| Listed investments carrying amount | 506,077 | - |
| | <u>506,077</u> | <u>-</u> |

Movements in fixed asset investments

| | Investments £ |
|--------------------------|------------------|
| Cost or valuation | |
| At 1 January 2020 | - |
| Additions | 500,000 |
| Valuation changes | 6,077 |
| | <u>506,077</u> |
| At 31 December 2020 | 506,077 |
| | <u>506,077</u> |
| Carrying amount | |
| At 31 December 2020 | 506,077 |
| | <u>506,077</u> |
| At 31 December 2019 | - |
| | <u>-</u> |

15 Financial instruments

| | 2020 £ | 2019 £ |
|---|----------------|-----------|
| Carrying amount of financial assets | | |
| Instruments measured at fair value through profit or loss | 506,077 | - |
| | <u>506,077</u> | <u>-</u> |

16 Stocks

| | 2020 £ | 2019 £ |
|-------------------------------|---------------|---------------|
| Raw materials and consumables | 72,649 | 72,972 |
| | <u>72,649</u> | <u>72,972</u> |

17 Debtors

| | 2020 £ | 2019 £ |
|---|------------------|------------------|
| Amounts falling due within one year: | | |
| Trade debtors | 1,584,895 | 2,905,866 |
| Amounts owed by group undertakings | 100,107 | 97,544 |
| Other debtors | 1,894,468 | 2,168,380 |
| Prepayments and accrued income | 20,444 | 22,051 |
| | <u>3,599,914</u> | <u>5,193,841</u> |

CEMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

18 Creditors: amounts falling due within one year

| | Notes | 2020 £ | 2019 £ |
|------------------------------------|-------|------------------|------------------|
| Obligations under finance leases | 20 | 81,168 | 80,430 |
| Trade creditors | | 1,072,892 | 1,785,716 |
| Amounts owed to group undertakings | | 4,189,272 | 2,689,658 |
| Corporation tax | | 93,097 | 183,946 |
| Other taxation and social security | | 1,126,609 | 507,825 |
| Other creditors | | 199,763 | 1,289,020 |
| Accruals and deferred income | | 815,052 | 322,335 |
| | | <u>7,577,853</u> | <u>6,858,930</u> |

19 Creditors: amounts falling due after more than one year

| | Notes | 2020 £ | 2019 £ |
|----------------------------------|-------|----------------|----------------|
| Obligations under finance leases | 20 | 89,993 | 105,500 |
| Other creditors | | 99,649 | - |
| | | <u>189,642</u> | <u>105,500</u> |

20 Finance lease obligations

| | 2020 £ | 2019 £ |
|---|----------------|----------------|
| Future minimum lease payments due under finance leases: | | |
| Within one year | 81,168 | 80,430 |
| In two to five years | 89,993 | 105,500 |
| | <u>171,161</u> | <u>185,930</u> |

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

| | Liabilities 2020 £ | Liabilities 2019 £ |
|--------------------------------|--------------------------|--------------------------|
| Balances: | | |
| Accelerated capital allowances | <u>14,006</u> | <u>12,944</u> |

CEMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

21 Deferred taxation (Continued)

| | 2020 |
|-------------------------------|-------------|
| Movements in the year: | £ |
| Liability at 1 January 2020 | 12,944 |
| Charge to profit or loss | 1,062 |
| | <hr/> |
| Liability at 31 December 2020 | 14,006 |
| | <hr/> <hr/> |

The deferred tax liability set out above relates to accelerated capital allowances.

22 Retirement benefit schemes

| | 2020 | 2019 |
|---|-------------|-------------|
| Defined contribution schemes | £ | £ |
| Charge to profit or loss in respect of defined contribution schemes | 106,253 | 143,713 |
| | <hr/> | <hr/> |

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.

Defined benefit schemes

The company operates a defined benefit scheme for qualifying employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at by the Fellow of the Institute of Actuaries in 2018. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

| <i>Key assumptions</i> | 2020 | 2019 |
|------------------------|-------------|-------------|
| | % | % |
| Discount rate | 2.7% | 2.7% |
| Inflation RPI | 3.2% | 3.2% |
| Inflation CPI | 2.1% | 2.1% |
| | <hr/> | <hr/> |

Mortality assumptions

Assumed life expectations on retirement at age 65:

| | 2020 | 2019 |
|--|--------------|--------------|
| | Years | Years |
| | | |

The amounts included in the statement of financial position arising from the company's obligations in respect of defined benefit plans are as follows:

| | 2020 | 2019 |
|--|-------------|-------------|
| | £ | £ |
| Present value of defined benefit obligations | 508,000 | 508,000 |
| | <hr/> | <hr/> |
| Deficit in scheme | 508,000 | 508,000 |
| | <hr/> <hr/> | <hr/> <hr/> |

CEMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

22 Retirement benefit schemes

(Continued)

| | |
|--|-----------------------|
| | 2020 |
| <i>Movements in the present value of defined benefit obligations</i> | £ |
| Liabilities at 1 January 2020 and 31 December 2020 | 508,000 |
| | <u><u>508,000</u></u> |

The defined benefit obligations arise from plans which are wholly or partly funded.

The actual return on plan assets was £- (2019 - £-).

23 Share capital

| | 2020 | 2019 | 2020 | 2019 |
|---|----------------------|----------------------|----------------------|----------------------|
| | Number | Number | £ | £ |
| Ordinary share capital Issued and fully paid | | | | |
| Ordinary shares of £1 each | 10,000 | 10,000 | 10,000 | 10,000 |
| Ordinary B shares of £1 each | 8 | 8 | 8 | 8 |
| Ordinary C shares of £1 each | 5 | 5 | 5 | 5 |
| Ordinary D shares of £1 each | 4 | 4 | 4 | 4 |
| | <u>10,017</u> | <u>10,017</u> | <u>10,017</u> | <u>10,017</u> |
| | <u><u>10,017</u></u> | <u><u>10,017</u></u> | <u><u>10,017</u></u> | <u><u>10,017</u></u> |

24 Post balance sheet events

On 23 March 2020 the UK Government announced a national lockdown in response to the Covid 19 virus outbreak. The company has continued to work closely with its customers and there is a clear commitment for the company's services. With the commitment of a highly skilled and dedicated workforce and collaborative working with our customers and supply chain partners we are adjusting to the evolving challenges of this global event.

The directors are confident of the company's ability to manage through the current challenges and to continue to be a strong contender in its chosen markets.

There were no further events after the balance sheet date up to and including the date of authorisation that are required to be disclosed under applicable accounting standards (2019: none).

25 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

| | Sales | | Purchases | |
|--|-------------------------|-------------------------|-----------------------|-------------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £ | £ | £ | £ |
| Entities with control, joint control or significant influence over the company | 4,625 | 4,000 | 925,156 | 292,142 |
| Other related parties | 1,586,112 | 2,121,496 | 814,380 | 1,772,880 |
| | <u>1,590,737</u> | <u>2,125,496</u> | <u>819,536</u> | <u>2,065,022</u> |
| | <u><u>1,590,737</u></u> | <u><u>2,125,496</u></u> | <u><u>819,536</u></u> | <u><u>2,065,022</u></u> |

CEMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

25 Related party transactions

(Continued)

The companies are related parties due to the group structure and / or the directors having an interest in these companies. The transactions in the year related to net sales or purchases (shown in brackets) carried out on an arms length basis. Any difference between the transactional values and the balances owed by/to relates to the movement of funds between companies.

| Amounts due to related parties | 2020 £ | 2019 £ |
|--|-----------------------------|-----------------------------|
| Entities with control, joint control or significant influence over the company | 1,819,639 | 611,469 |
| Other related parties | 2,370,969 | 2,078,189 |
| | <u> </u> | <u> </u> |

The following amounts were outstanding at the reporting end date:

| Amounts due from related parties | 2020 £ | 2019 £ |
|----------------------------------|-----------------------------|-----------------------------|
| Other related parties | 1,346,409 | 1,385,202 |
| | <u> </u> | <u> </u> |

26 Directors' transactions

Loans with interest charged at HMRC approved rates were made to the following directors:

| Description | % Rate | Opening balance £ | Amounts advanced £ | Amounts repaid £ | Closing balance £ |
|--------------------|--------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Mr F Ciaurro - | 2.25 | - | 159,181 | - | 159,181 |
| Mr M Jakubiak - | 2.25 | 8,712 | 140,385 | (8,712) | 140,385 |
| Mr S Binns - | 2.25 | 8,712 | 215,227 | (8,712) | 215,227 |
| Mr P Littlehales - | 2.25 | 8,711 | 155,068 | (8,711) | 155,068 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | | 26,135 | 669,861 | (26,135) | 669,861 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

The Loans were repaid within 9 months of the year end.

M Jakubiak, S Binns and P Littlehales resigned as directors on the 29th January 2021.

27 Ultimate controlling party

The company is under the control of Cema Group Limited registered in England & Wales number 09874998, The registered office is White House, Wollaton, Street, Nottingham, NG1 5GF.

CEMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

28 Cash generated from operations

| | 2020 | 2019 |
|--|------------------|------------------|
| | £ | £ |
| Profit/(loss) for the year after tax | 605,274 | (376,389) |
| Adjustments for: | | |
| Taxation charged | 22,585 | 172,663 |
| Finance costs | 45,925 | 435,541 |
| Investment income | (9,660) | (2,739) |
| Gain on disposal of tangible fixed assets | (8,883) | (5,572) |
| Depreciation and impairment of tangible fixed assets | 95,586 | 102,255 |
| Other gains and losses | (6,077) | (413,672) |
| Movements in working capital: | | |
| Decrease in stocks | 323 | 38,114 |
| Decrease/(increase) in debtors | 2,237,654 | (1,052,707) |
| Increase in creditors | 908,683 | 2,593,829 |
| Cash generated from operations | 3,891,410 | 1,491,323 |

29 Analysis of changes in net funds

| | 1 January | Cash flows 31 December | |
|----------------------------------|------------------|-------------------------------|------------------|
| | 2020 | 2020 | |
| | £ | £ | £ |
| Cash at bank and in hand | 2,252,511 | 2,497,832 | 4,750,343 |
| Obligations under finance leases | (185,930) | 14,769 | (171,161) |
| | <u>2,066,581</u> | <u>2,512,601</u> | <u>4,579,182</u> |

