

Company registration number: 2527559

Cema Limited

Financial statements

31 December 2017



Cema Limited

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Cema Limited

Directors and other information

Directors	Mr F G Ciaurro Mr M Jakubiak Mr S Binns Mr P Littlehales Mr R Sharpe Mr P Gregory Mr J Smith Mr P Wright Mr G Morley	(Resigned 31 May 2017) (Appointed 1 January 2017)
Secretary	M Jakubiak	
Company number	2527559	
Registered office	White House Wollaton Street Nottingham NG1 5GF	
Business address	Victoria Business Park Pintail Close Netherfield Nottingham NG4 2PE	
Auditor	Higson & Co. White House Wollaton Street Nottingham NG1 5GF	
Bankers	Yorkshire Bank plc 11 Smithy Row Nottingham NG1 3EJ	

Cema Limited

Strategic report Year ended 31 December 2017

Business review

The company had a good trading year with an improvement in gross margin and turnover.

The company works largely in the water industry and has a number of frameworks with leading water companies. The management team is focused on providing the best control panel in the sector and always delivering on time and to the specification.

Financial risk management objectives and policies

The objective of the Directors is to continue to grow the turnover of the company within the water industry and to expand in to new market sectors utilising their current expertise. They consider the sectors they work in and those that they intend to expand into as being low risk, largely due to the company's experience in the technology utilised in these sectors. The policy of the Directors is to maintain cash balances at the bank and to maintain good relationships with all of its suppliers and customers.

This report was approved by the board of directors on 21 September 2018 and signed on behalf of the board by:



Mr F G Ciaurro
Director

Cema Limited

Directors report Year ended 31 December 2017

The directors present their report and the financial statements of the company for the year ended 31 December 2017.

Directors

The directors who served the company during the year were as follows:

Mr F G Ciaurro

Mr M Jakubiak

Mr S Binns

Mr P Littlehales

Mr R Sharpe

Mr P Gregory

Mr J Smith

(Resigned 31 May 2017)

Mr P Wright

(Appointed 1 January 2017)

Mr G Morley

Dividends

Particulars of recommended dividends are detailed in note 13 to the financial statements.

Future developments

Cema Limited has obtained new contracts in 2018, which will increase the turnover of the company and the company's profitability. The directors of the company continue to explore new contracts within the water industry and to expand in to new market sectors utilising their current expertise.

Financial instruments

Financial assets measured at amortised cost comprise cash; trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise of trade creditors, other taxes, including corporation tax, and social security cost, finance lease obligations and provisions.

Cema Limited

Directors report (continued) Year ended 31 December 2017

Directors responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 judgments and accounting estimates that are reasonable and prudent; and
- 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 21 September 2018 and signed on behalf of the board by:



Mr F G Ciaurro
Director

Cema Limited

Independent auditor's report to the members of Cema Limited (continued) Year ended 31 December 2017

Opinion

We have audited the financial statements of Cema Limited for the year ended 31 December 2017 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Cema Limited

Independent auditor's report to the members of Cema Limited (continued) Year ended 31 December 2017

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 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 has 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 its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. we also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Cema Limited

**Independent auditor's report to the members of
Cema Limited (continued)
Year ended 31 December 2017**

- Conclude on the appropriateness of the directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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



Simon Skill FCA (Senior Statutory Auditor)

For and on behalf of
Higson & Co.
Statutory Auditor
White House
Wollaton Street
Nottingham
NG1 5GF

21 September 2018

Cema Limited

Statement of comprehensive income
Year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	4	14,848,487	12,020,178
Cost of sales		(11,758,505)	(10,213,266)
Gross profit		3,089,982	1,806,912
Administrative expenses		(2,355,885)	(1,813,205)
Other operating income	5	(22,000)	-
Operating profit/(loss)	6	712,097	(6,293)
Income from shares in group undertakings	9	103,000	114,000
Interest payable and similar expenses	10	(50,033)	(76,948)
Profit before taxation		765,064	30,759
Tax on profit	11	(35,856)	-
Profit for the financial year and total comprehensive income		<u>729,208</u>	<u>30,759</u>

All the activities of the company are from continuing operations.

The notes on pages 13 to 28 form part of these financial statements.

Cema Limited

**Statement of financial position
31 December 2017**

	Note	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	14	224,085		239,499	
Investments	15	235,414		235,414	
			459,499		474,913
Current assets					
Stocks	16	73,975		88,225	
Debtors	17	3,149,224		2,703,936	
Investments	18	-		2,688,801	
Cash at bank and in hand		1,737,369		3,678	
		4,960,568		5,484,640	
Creditors: amounts falling due within one year	20	(4,261,239)		(2,810,959)	
Net current assets			699,329		2,673,681
Total assets less current liabilities			1,158,828		3,148,594
Creditors: amounts falling due after more than one year	21		(110,888)		(125,272)
Provisions for liabilities	23		(16,211)		(500,000)
Net assets excluding defined benefit pension plan			1,031,729		2,523,322
Pension scheme liability			(523,000)		-
Net assets			508,729		2,523,322
Capital and reserves					
Called up share capital	27		10,017		10,017
Share premium account	28		2,968		2,968
Profit and loss account	28		495,744		2,510,337
Shareholders funds			508,729		2,523,322

The notes on pages 13 to 28 form part of these financial statements.

Cema Limited

Statement of financial position (continued)
31 December 2017

These financial statements were approved by the board of directors and authorised for issue on 21 September 2018, and are signed on behalf of the board by:



Mr F G Ciaurro
Director

Company registration number: 2527559

The notes on pages 13 to 28 form part of these financial statements.

Cema Limited

**Statement of changes in equity
Year ended 31 December 2017**

	Called up share capital	Share premium account	Profit and loss account	Total
	£	£	£	£
At 1 January 2016	10,017	2,968	5,449,665	5,462,650
Profit for the year			30,759	30,759
Total comprehensive income for the year	-	-	30,759	30,759
Dividends paid and payable			(2,970,087)	(2,970,087)
Total investments by and distributions to owners	-	-	(2,970,087)	(2,970,087)
At 31 December 2016 and 1 January 2017	10,017	2,968	2,510,337	2,523,322
Profit for the year			729,208	729,208
Total comprehensive income for the year	-	-	729,208	729,208
Dividends paid and payable			(2,743,801)	(2,743,801)
Total investments by and distributions to owners	-	-	(2,743,801)	(2,743,801)
At 31 December 2017	10,017	2,968	495,744	508,729

Cema Limited

Statement of cash flows
Year ended 31 December 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit for the financial year		729,208	30,759
<i>Adjustments for:</i>			
Depreciation of tangible assets		86,165	76,919
Income from shares in group undertakings		(103,000)	(114,000)
Interest payable and similar expenses		50,033	76,948
Gain/(loss) on disposal of tangible assets		634	(25,852)
Tax on profit		35,856	-
Accrued expenses/(income)		407,801	39,723
<i>Changes in:</i>			
Stocks		14,250	36,950
Trade and other debtors		(445,288)	4,109,621
Trade and other creditors		542,713	(67,422)
Provisions and employee benefits		(500,000)	500,000
Cash generated from operations		818,372	4,663,646
Interest paid		(50,033)	(76,948)
Net cash from operating activities		<u>768,339</u>	<u>4,586,698</u>
Cash flows from investing activities			
Purchase of tangible assets		(89,313)	(120,958)
Proceeds from sale of tangible assets		17,928	28,271
Acquisition of subsidiaries		2,688,801	-
Proceeds from sale of other investments		-	262,697
Dividends received		103,000	114,000
Net cash from investing activities		<u>2,720,416</u>	<u>284,010</u>
Cash flows from financing activities			
Proceeds from borrowings		(238,218)	(915,149)
Proceeds from loans from group undertakings		1,137,853	(914,602)
Payment of finance lease liabilities		(577)	43,510
Equity dividends paid		(2,743,801)	(2,970,087)
Net cash used in financing activities		<u>(1,844,743)</u>	<u>(4,756,328)</u>
Net increase/(decrease) in cash and cash equivalents		1,644,012	114,380
Cash and cash equivalents at beginning of year	19	(429,643)	(544,023)
Cash and cash equivalents at end of year	19	<u>1,214,369</u>	<u>(429,643)</u>

Cema Limited

Notes to the financial statements Year ended 31 December 2017

1. General information

The company is a private company limited by shares, registered in England & Wales. The address of the registered office is White House, Wollaton Street, Nottingham, NG1 5GF.

The company's trading address is Victoria Business Park, Pintail Close, Netherfield, Nottingham, NG4 2PE.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

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

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. 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 capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

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Notes to the financial statements (continued) **Year ended 31 December 2017**

Tangible assets

Tangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses.

Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in capital and reserves, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in capital and reserves in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in capital and reserves in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and machinery	- 15%	reducing balance
Fittings fixtures and equipment	- 15%	reducing balance
Motor vehicles	- 25%	straight line

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

Fixed asset investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses. Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stocks to their present location and condition.

Cema Limited

Notes to the financial statements (continued) **Year ended 31 December 2017**

Hire purchase and finance leases

Assets held under finance leases are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Cema Limited

Notes to the financial statements (continued) Year ended 31 December 2017

Defined benefits plans

For a defined benefit scheme, the liability recorded in the balance sheet is the present value of the defined obligation at that date. The defined benefit obligation is calculated on an annual basis by independent actuaries.

Actuarial gains and losses are recognised in full in the period in which they occur and are shown in Other Comprehensive Income.

Current and past service costs, along with settlements or curtailments, are charged to the Income Statement. Interest on pension plan liabilities are recognised within finance expense.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised in finance costs in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2017	2016
	£	£
Rendering of services	14,848,487	12,020,178

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

5. Other operating income

	2017	2016
	£	£
Other operating income	(22,000)	-

6. Operating profit

Operating profit is stated after charging/(crediting):

	2017	2016
	£	£
Depreciation of tangible assets	86,165	76,919
(Gain)/loss on disposal of tangible assets	634	(25,852)
Cost of stocks recognised as an expense	6,457,829	5,040,375
Impairment of trade debtors	(16,832)	99,027
Fees payable for the audit of the financial statements	26,500	22,500

Cema Limited

Notes to the financial statements (continued)
Year ended 31 December 2017

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2017	2016
Management and administration	29	30
Production	131	131
	<u>160</u>	<u>161</u>

The aggregate payroll costs incurred during the year were:

	2017	2016
	£	£
Wages and salaries	5,575,409	5,274,930
Social security costs	484,928	385,355
Other pension costs	63,064	26,083
	<u>6,123,401</u>	<u>5,686,368</u>

8. Directors remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2017	2016
	£	£
Remuneration	470,426	226,980
	<u>470,426</u>	<u>226,980</u>

Remuneration of the highest paid directors in respect of qualifying services:

	2017	2016
	£	£
Aggregate remuneration	61,900	61,118
Company contributions to pension plans in respect of qualifying services	-	-
	<u>61,900</u>	<u>61,118</u>

9. Income from shares in group undertakings

	2017	2016
	£	£
Income from shares in group undertakings	103,000	114,000
	<u>103,000</u>	<u>114,000</u>

Cema Limited

Notes to the financial statements (continued)
Year ended 31 December 2017

10. Interest payable and similar expenses

	2017	2016
	£	£
Other loans made to the company:		
Finance leases and hire purchase contracts	45,650	57,285
Other interest payable and similar expenses	4,383	19,663
	<u>50,033</u>	<u>76,948</u>

11. Tax on profit

Major components of tax expense

	2017	2016
	£	£
Current tax:		
UK current tax expense	19,645	-
Deferred tax:		
Origination and reversal of timing differences	16,211	-
Tax on profit	<u>35,856</u>	<u>-</u>

Reconciliation of tax expense

The tax assessed on the profit for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%).

	2017	2016
	£	£
Profit before taxation	<u>765,064</u>	<u>30,759</u>
Profit multiplied by rate of tax	147,275	6,152
Effect of expenses not deductible for tax purposes	2,621	4,162
Effect of capital allowances and depreciation	1,306	(16,874)
Rounding on tax charge	(4)	-
Group relief	(116,153)	29,360
Group dividend income	(19,827)	(22,800)
Tax on profit	<u>15,218</u>	<u>-</u>

Cema Limited

Notes to the financial statements (continued)
Year ended 31 December 2017

12. Earnings per share

Basic earnings/(loss) per share

The earnings/(loss) and weighted average number of shares used in the calculation of basic earnings/(loss) per share are as follows:

	2017	2016
	£	£
Profit for the year attributable to the owners of the company	<u>729,208</u>	<u>30,759</u>

Diluted earnings/(loss) per share

The earnings/(loss) and weighted average number of shares used in the calculation of diluted earnings/(loss) per share are as follows:

	2017	2016
	£	£
Earnings/(loss) used in calculation of basic earnings/(loss) per share	<u>729,208</u>	<u>30,759</u>

13. Dividends

Equity dividends

	2017	2016
	£	£
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>2,743,801</u>	<u>2,970,087</u>

Dividends of £nil each (2016 £9,700 each) were paid to the directors Mr F Ciaurro, Mr S Binns, Mr M Jakubiak, Mr P Littlehales, Mr R Sharpe and dividends of £nil each (2016 £5,000 each) were paid to the directors Mr P Gregory, Mr J Smith and Mr G Morley.

Cema Limited

Notes to the financial statements (continued)
Year ended 31 December 2017

14. Tangible assets

	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2017	129,825	532,205	386,095	1,048,125
Additions	-	-	89,313	89,313
Disposals	-	-	(105,998)	(105,998)
At 31 December 2017	<u>129,825</u>	<u>532,205</u>	<u>369,410</u>	<u>1,031,440</u>
Depreciation				
At 1 January 2017	103,825	460,860	243,941	808,626
Charge for the year	3,900	10,702	71,563	86,165
Disposals	-	-	(87,436)	(87,436)
At 31 December 2017	<u>107,725</u>	<u>471,562</u>	<u>228,068</u>	<u>807,355</u>
Carrying amount				
At 31 December 2017	<u>22,100</u>	<u>60,643</u>	<u>141,342</u>	<u>224,085</u>
At 31 December 2016	<u>26,000</u>	<u>71,345</u>	<u>142,154</u>	<u>239,499</u>

Obligations under finance leases

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Plant and machinery	Motor vehicles
	£	£
At 31 December 2017	<u>-</u>	<u>-</u>
At 31 December 2016	<u>4,881</u>	<u>127,281</u>

Cema Limited

Notes to the financial statements (continued)
Year ended 31 December 2017

15. Investments

	Other investments other than loans	Total
	£	£
Cost		
At 1 January 2017 and 31 December 2017	235,414	235,414
Impairment		
At 1 January 2017 and 31 December 2017	-	-
Carrying amount		
At 31 December 2017	235,414	235,414
At 31 December 2016	235,414	235,414

16. Stocks

	2017	2016
	£	£
Raw materials	73,975	88,225

17. Debtors

	2017	2016
	£	£
Trade debtors	2,876,217	2,341,549
Amounts owed by group undertakings	6,560	-
Prepayments and accrued income	37,592	28,491
Other debtors	228,855	333,896
	3,149,224	2,703,936

18. Investments

	2017	2016
	£	£
Investments in group undertakings 1	-	2,688,801

During the year all the shares in various undertakings were transferred to current assets and on the 3rd July 2017 were sold to Cema Group Limited.

Cema Limited

Notes to the financial statements (continued)
Year ended 31 December 2017

19. Cash and cash equivalents

	2017	2016
	£	£
Cash at bank and in hand	1,737,369	3,678
Bank overdrafts	-	(433,321)
	<u>1,737,369</u>	<u>(429,643)</u>

20. Creditors: amounts falling due within one year

	2017	2016
	£	£
Bank loans and overdrafts	-	433,321
Trade creditors	1,581,372	1,210,298
Amounts owed to group undertakings	1,181,853	44,000
Accruals and deferred income	531,710	123,909
Corporation tax	19,645	-
Social security and other taxes	761,961	583,829
Obligations under finance leases	76,485	62,678
Director loan accounts	106,082	344,300
Other creditors	2,131	8,624
	<u>4,261,239</u>	<u>2,810,959</u>

21. Creditors: amounts falling due after more than one year

	2017	2016
	£	£
Obligations under finance leases	<u>110,888</u>	<u>125,272</u>

22. Obligations under finance leases

Company lessee

The total future minimum lease payments under finance lease agreements are as follows:

	2017	2016
	£	£
Not later than 1 year	76,485	62,678
Later than 1 year and not later than 5 years	110,888	125,272
	<u>187,373</u>	<u>187,950</u>
Present value of minimum lease payments	<u>187,373</u>	<u>187,950</u>

Cema Limited

Notes to the financial statements (continued)
Year ended 31 December 2017

23. Provisions

	Deferred tax (note 24)	Total
	£	£
At 1 January 2017	-	-
Charges against provisions	16,211	16,211
At 31 December 2017	<u>16,211</u>	<u>16,211</u>

24. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2017 £	2016 £
Included in provisions (note 23)	<u>16,211</u>	<u>-</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2017 £	2016 £
Accelerated capital allowances	<u>16,211</u>	<u>-</u>

25. Employee benefits

Defined contribution plans

The amount recognised in profit or loss in relation to defined contribution plans was £63,064 (2016: £26,083).

Defined benefit plans

The Company has agreed to fund a defined benefit pension scheme in respect of key employees. The most recent actuarial valuation of the obligations of £523,000 was on 31/12/17. During the year the expense incurred was £501,000.

The amounts recognised in the statement of financial position are as follows:

The statement of financial position net defined benefit (liability)/asset is determined as follows:

	2017 £
Present value of defined benefit obligations	<u>(523,000)</u>

Cema Limited

Notes to the financial statements (continued)
Year ended 31 December 2017

Changes in the present value of the defined benefit obligations are as follows:

	£
At 1 January 2017	-
Current service cost	500,000
Interest expense	1,000
Remeasurements:	
Actuarial gains and losses	22,000
At 31 December 2017	<u>523,000</u>

The total costs for the year in relation to defined benefit plans are as follows:

	2017
	£
Recognised in profit or loss:	
Current service cost	500,000
Net interest expense	1,000
	<u>501,000</u>
Recognised in other comprehensive income:	
Remeasurement of the liability:	
Actuarial gains and losses	<u>22,000</u>

Discount rate - 2.4%

Inflation RPI - 3.1%

Inflation CPI - 2.0%

Pre and Post Retirement mortality - S2PA tables with improvements in the CMI 2016 model and a long term rate of improvement of 1.25%

Cema Limited

Notes to the financial statements (continued)
Year ended 31 December 2017

26. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2017	2016
	£	£
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	2,876,217	2,341,549
Other debtors	228,855	333,896
Cash at bank and in hand	1,737,369	3,678
	<u>4,842,441</u>	<u>2,679,123</u>
Financial liabilities measured at amortised cost		
Bank and other loans	-	433,321
Trade creditors	1,581,372	1,210,298
Other creditors	2,131	8,624
	<u>1,583,503</u>	<u>1,652,243</u>

27. Called up share capital

Issued, called up and fully paid

	2017		2016	
	No	£	No	£
Ordinary shares shares of £ 1.00 each	10,000	10,000	10,000	10,000
Ordinary B shares shares of £ 1.00 each	8	8	8	8
Ordinary C shares shares of £ 1.00 each	5	5	5	5
Ordinary D shares shares of £ 1.00 each	4	4	4	4
	<u>10,017</u>	<u>10,017</u>	<u>10,017</u>	<u>10,017</u>

28. Reserves

Profit and loss account

The reserve records retained earnings.

Cema Limited

Notes to the financial statements (continued)
Year ended 31 December 2017

29. Analysis of changes in net debt

	At 1 January 2017	Cash flows	At 31 December 2017
	£	£	£
Cash and cash equivalents	3,678	1,733,691	1,737,369
Bank overdrafts	(433,321)	433,321	-
Debt due within one year	(450,978)	(913,442)	(1,364,420)
Debt due after one year	(125,272)	14,384	(110,888)
Investments	2,688,801	(2,688,801)	-
	<u>1,682,908</u>	<u>(1,420,847)</u>	<u>262,061</u>

30. Reconciliation of net cash flow to movement in net debt

	2017 £	2016 £
Increase in cash and cash equivalents in the year	2,167,012	114,380
Proceeds from borrowings	238,218	915,149
Proceeds from loans from group undertakings	(1,137,853)	914,602
Payments of finance lease liabilities	577	(43,510)
Increase in current asset investments excluding short-term deposits	(2,688,801)	-
Change in net funds	(1,420,847)	1,900,621
Net funds at 1 January 2017	<u>1,682,908</u>	<u>(2,906,514)</u>
Net funds at 31 December 2017	<u>262,061</u>	<u>(1,005,893)</u>

Cema Limited

Notes to the financial statements (continued)
Year ended 31 December 2017

31. Directors advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company:

	2017			
	Balance brought forward	Advances /(credits) to the directors	Amounts repaid	Balance o/standing
	£	£	£	£
Mr F G Ciaurro	(176,307)	(11,000)	111,254	(76,053)
Mr M Jakubiak	(55,453)	(11,000)	56,938	(9,515)
Mr S Binns	(51,047)	(11,000)	61,938	(109)
Mr P Littlehales	(57,227)	(11,000)	56,938	(11,289)
Mr R Sharpe	(4,266)	(37,450)	32,600	(9,116)
	<u>(344,300)</u>	<u>(81,450)</u>	<u>319,668</u>	<u>(106,082)</u>
	2016			
	Balance brought forward	Advances /(credits) to the directors	Amounts repaid	Balance o/standing
	£	£	£	£
Mr F G Ciaurro	(751,175)	(197,003)	771,871	(176,307)
Mr M Jakubiak	(139,903)	-	84,450	(55,453)
Mr S Binns	(135,497)	-	84,450	(51,047)
Mr P Littlehales	(141,677)	-	84,450	(57,227)
Mr R Sharpe	(91,197)	-	86,931	(4,266)
	<u>(1,259,449)</u>	<u>(197,003)</u>	<u>1,112,152</u>	<u>(344,300)</u>

Cema Limited

Notes to the financial statements (continued) Year ended 31 December 2017

32. Related party transactions

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

	Transaction value		Balance owed by/(owed to)	
	2017	2016	2017	2016
	£	£	£	£
Lloyd Morris Electrical Limited	(1,946)	(4,761)	-	-
Cema Business Solutions Limited	(3,645)	(8,359)	-	-
Viking Pumps Limited	161,349	-	-	-
Cema Group Limited	(25,112)	-	-	-
Cema Site Installations Limited	-	(202,604)	-	-
Cema Solutions Limited	(768,451)	(528,936)	-	-
Cema Tracking Solutions Limited	(3,152)	(7,479)	-	-
Labtec (Services) Limited	(11,732)	72,102	-	-
Merlin Systems Limited	(16,201)	(67,009)	-	-
Nottingham Crane Hire Limited	(56,262)	21,277	-	-

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.

At the 31st December 2017 the balances owed to and owed by the companies were transferred to Cema Group Limited.

During the year Cema Limited received dividends from the following companies; Viking Pumps Limited £nil (2016 £74,000) Lloyd Morris Electrical Limited £20,000 (2016 £40,000) C Hardy £1,999 (2016 £nil) Cema Group Limited £63,000 (2016 £nil) and Cema Tracking Solutions Limited £18,000 (2016 £nil).

33. Controlling party

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

Cema Limited

The following pages do not form part of the statutory accounts.

Cema Limited

Year ended 31 December 2017

	2017	2016
	£	£
Turnover		
Sales	14,848,487	12,020,178
	<u>14,848,487</u>	<u>12,020,178</u>
Cost of sales		
Opening stock	(88,225)	(125,175)
Purchases	(6,443,579)	(5,003,425)
Wages and salaries	(4,830,002)	(4,802,962)
Social security contributions	(407,610)	(343,846)
Pension costs - staff	(63,064)	(26,083)
	<u>(11,832,480)</u>	<u>(10,301,491)</u>
Closing stock	73,975	88,225
	<u>11,758,505</u>	<u>10,213,266</u>
Gross profit	3,089,982	1,806,912
Gross profit percentage	20.8%	15.0%
Overheads		
Administrative expenses	(2,355,885)	(1,813,205)
	<u>(2,355,885)</u>	<u>(1,813,205)</u>
Other operating income		
Actuarial loss re pension obligation	(22,000)	-
	<u>(22,000)</u>	<u>-</u>
Operating profit/(loss)	712,097	(6,293)
Operating profit/(loss) percentage	4.8%	0.1%
Income from shares in group undertakings	103,000	114,000
Interest payable and similar charges	(50,033)	(76,948)
Profit before taxation	<u><u>765,064</u></u>	<u><u>30,759</u></u>

Cema Limited

Detailed income statement (continued)
Year ended 31 December 2017

	2017	2016
	£	£
Overheads		
Administrative expenses		
Wages and salaries	(322,062)	(297,109)
Directors' remuneration	(423,345)	(174,859)
Employer's NI contributions	(77,318)	(41,509)
Staff training	(26,989)	(25,653)
Management expenses	(667,192)	(444,128)
Rent payable	(115,229)	(112,695)
Rates	(68,612)	(73,300)
Service charges	(3,438)	(3,004)
Insurance	(55,952)	(60,241)
Light and heat	(28,110)	(36,954)
Cleaning	(11,652)	(11,835)
Repairs and maintenance	(22,494)	(47,221)
Printing, postage, computer and stationery	(75,860)	(40,320)
Advertising and marketing	(9,030)	(1,006)
Telephone	(25,238)	(10,634)
Motor expenses	(191,161)	(143,040)
Legal and professional	(73,990)	(64,657)
Auditors remuneration	(26,500)	(22,500)
Bank charges	(6,607)	(17,037)
Bad debts	16,832	(99,027)
Recruitment expenses	(16,450)	-
General expenses	(22,687)	(21,473)
Charitable donations - other	(4,045)	(2,955)
Subscriptions	(11,957)	(10,981)
Depreciation of tangible assets	(86,165)	(76,919)
(Gain)/loss on disposal of tangible assets	(634)	25,852
	<u>(2,355,885)</u>	<u>(1,813,205)</u>