

Registered number: 00336408

CITY ELECTRICAL FACTORS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2019



CITY ELECTRICAL FACTORS LIMITED

COMPANY INFORMATION

Directors	K.A.D. Barnett C.H. Beddows G.L. Hartland T.A. Hartland Mackie M.S. Jacobs J.A. Mackie
Company secretary	M.S. Jacobs
Registered number	00336408
Registered office	Georgina Mackie House 141 Farmer Ward Road Kenilworth Warwickshire CV8 2SU
Independent auditor	Crowe U.K. LLP Black Country House Rounds Green Road Oldbury West Midlands B69 2DG

CITY ELECTRICAL FACTORS LIMITED

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CITY ELECTRICAL FACTORS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 APRIL 2019

Principal activity

The principal activity of the Company during the year continued to be the wholesaling of electrical goods.

Business review

The turnover of the Company increased by £25.5m or 4.8% during the year from £533.5m in 2018 to £559m in 2019.

The operating profit decreased from £15.7m in 2018 to £15.1m in 2019. Net interest paid during the year of £2m resulted in a profit before tax of £13.1m in 2019 compared with £17.3m in 2018.

The Company has a strong balance sheet with net current assets of £120.8m in 2019 compared with £115.2m in 2018 and net assets of £172.1m in 2019 compared with £161.7m in 2018.

Overall, the directors consider the results for the year to be satisfactory.

Principal risks and uncertainties

The Company is subject to a number of financial risks, including interest rate risk, credit risk, liquidity risk and currency risk.

Interest rate risk

The Company manages its interest rate risk by using both fixed and variable rate debt. Any increases in interest rates should not significantly affect the underlying profitability of the Company.

Credit risk

The Company has implemented policies that require appropriate credit checks on customers.

Liquidity risk

Long term debt finance is obtained by the parent company for the group as necessary, which combined with the Company's cash flow, ensures that the Company has adequate financing to meet its everyday requirements.

Financial key performance indicators

The key performance indicators in the Company are turnover and profitability. Along with debtor days and the number of stock turns these indicators are used to help the directors monitor the performance of the business.

Trade debtors have increased by £14.2m during 2019 and the number of debtor days has increased to 60 from 53 in 2018. Closing stock has increased by £11.3m to £97.9m. The number of stock turns has decreased to 3.8 from 4.0 in 2018.

Other key performance indicators

The number of employees of the Company has increased, with an average of 2,657 employees this year compared to 2,610 employees last year. The directors recognise that employees are a key factor in the strength of the Company and would like to thank them for their continued efforts during the year.

CITY ELECTRICAL FACTORS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2019**

Employee policies


The directors recognise the importance of good communications and relations with employees. The management is responsible for the development of employee participation practices appropriate to its own requirements.

The Company encourages the employment of disabled persons whenever practicable and endeavours to ensure that disabled employees benefit from training and career development in common with other employees.

Environmental matters

The Company takes environmental matters seriously and complies with all relevant legislation.

This report was approved by the board on 15 October 2019 and signed on its behalf.



M.S. Jacobs
Secretary

CITY ELECTRICAL FACTORS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2019

The directors present their report and the financial statements for the year ended 30 April 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £10,352,581 (2018 - £14,127,219).

A dividend of £Nil was paid during the year (2018 - £Nil).

The directors who served during the year were:

K.A.D. Barnett
C.H. Beddows
G.L. Hartland
T.A. Hartland Mackie
M.S. Jacobs
J.A. Mackie

Matters covered in the strategic report

The business review, principal risks and uncertainties and financial key performance indicators are not included in the Directors' Report as they are covered in the Strategic Report as required under s414C of the Companies Act 2006.

CITY ELECTRICAL FACTORS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2019**

Disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 15 October 2019 and signed on its behalf.



M.S. Jacobs
Secretary

CITY ELECTRICAL FACTORS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITY ELECTRICAL FACTORS LIMITED

Opinion

We have audited the financial statements of City Electrical Factors Limited (the 'Company') for the year ended 30 April 2019, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2019 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 United Kingdom, including the Financial Reporting Council'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 directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. 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

CITY ELECTRICAL FACTORS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITY ELECTRICAL FACTORS LIMITED (CONTINUED)

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.

Opinion 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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and 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 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 3, 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.

CITY ELECTRICAL FACTORS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITY ELECTRICAL FACTORS LIMITED
(CONTINUED)**

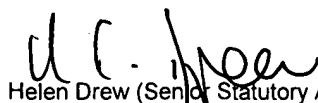
Auditor's responsibilities for the audit of the financial statements

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.

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

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.



Helen Drew (Senior Statutory Auditor)

for and on behalf of
Crowe U.K. LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

15 October 2019

CITY ELECTRICAL FACTORS LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 30 APRIL 2019**

	Note	2019 £	2018 £
Turnover	4	558,982,086	533,538,627
Cost of sales		(373,856,873)	(348,867,217)
Gross profit		185,125,213	184,671,410
Administrative expenses		(174,631,589)	(173,104,752)
Other operating income	5	4,632,043	4,184,408
Operating profit	6	15,125,667	15,751,066
Interest receivable and similar income	10	2,601,327	3,986,570
Interest payable and expenses	11	(4,588,768)	(2,390,387)
Profit before tax		13,138,226	17,347,249
Tax on profit	12	(2,785,645)	(3,220,030)
Profit after tax		10,352,581	14,127,219
Retained earnings at the beginning of the year		126,747,126	112,619,907
Profit for the year		10,352,581	14,127,219
Retained earnings at the end of the year		137,099,707	126,747,126

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

CITY ELECTRICAL FACTORS LIMITED
REGISTERED NUMBER: 00336408

STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	13	99,794	146,404
Tangible assets	14	57,422,620	52,610,963
		<u>57,522,414</u>	<u>52,757,367</u>
Current assets			
Stocks	15	97,918,378	86,658,972
Debtors: amounts falling due within one year	16	233,327,938	176,895,298
Cash at bank and in hand		81,082	31,240,400
		<u>331,327,398</u>	<u>294,794,670</u>
Creditors: amounts falling due within one year	17	(210,559,987)	(179,542,875)
Net current assets		<u>120,767,411</u>	<u>115,251,795</u>
Total assets less current liabilities		<u>178,289,825</u>	<u>168,009,162</u>
Creditors: amounts falling due after more than one year	18	(5,995,480)	(6,013,796)
Provisions for liabilities			
Other provisions	20	(194,638)	(248,240)
		<u>(194,638)</u>	<u>(248,240)</u>
Net assets		<u><u>172,099,707</u></u>	<u><u>161,747,126</u></u>
Capital and reserves			
Called up share capital	21	35,000,000	35,000,000
Profit and loss account		137,099,707	126,747,126
		<u>172,099,707</u>	<u>161,747,126</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 October 2019.


C.H. Beddows
 Director

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

CITY ELECTRICAL FACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

1. General information

City Electrical Factors Limited is a private company (limited by shares) incorporated and registered in England and Wales, registration number 00336408. The registered office and principal trading address is Georgina Mackie House, 141 Farmer Ward Road, Kenilworth, Warwickshire, CV8 2SU.

The principal activity of the Company during the year continued to be the wholesaling of electrical goods.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

Going concern

The directors have assessed the Company's ability to continue as a going concern. As a result of this assessment, no material uncertainties have been identified that cast doubt about the ability of the Company to continue as a going concern.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of CEF Holdings Limited as at 30 April 2019 and these financial statements may be obtained from Companies House.

CITY ELECTRICAL FACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

2. Accounting policies (continued)

2.3 Intangible assets

Software costs are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following basis:

Software	- over 4 years
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2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold buildings	- over 50 years
Long leasehold buildings	- over 50 years
Aircraft, Plant and machinery	- over 2 to 10 years
Motor vehicles	- over 4 years
Assets acquired under finance leases	- over period of lease

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administration expenses' in the Income Statement.

2.5 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for impairment of obsolete and slow moving stocks.

CITY ELECTRICAL FACTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

2. Accounting policies (continued)

2.6 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable, loans from banks and other third parties, and loans to related parties.

Short term debtors are measured at the transaction price, less any impairment.

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Deep discount securities

The excess of the redemption value over the issue value of deep discount securities is accumulated from the date of issue by charging to the Income Statement the discount over the period to redemption.

The balance sheet liability is the issue value together with that proportion of the discount accrued from the date of issue to the balance sheet date. The deep discount securities comprise loans from the members of the ultimate parent undertaking.

2.7 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income Statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

CITY ELECTRICAL FACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

2. Accounting policies (continued)

2.8 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is Sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement.

2.9 Revenue

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, which is deemed to be at the point of despatch.

2.10 Research and development

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

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where judgements and estimates have been made include the following:

Stock provisioning

The provision which ranges from 0% to 100% of cost, is estimated based on the age profile of the stock and stock turnover. At each Balance Sheet date, stocks are assessed for any impairment and therefore these percentages may vary from year to year. Any loss is recognised immediately in the Income Statement.

Provision for empty property costs

The provision relates to the costs to be incurred, including rent, for premises not being used or re-let. These are the expected costs to be incurred for the time the property is anticipated to remain empty whilst the letting agents seek a new tenant.

CITY ELECTRICAL FACTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

4. Turnover

The whole of the turnover is attributable to the principal activity of the Company.

All turnover arose within the United Kingdom.

5. Other operating income

	2019	2018
	£	£
Other operating income	4,267,634	3,793,284
Rents receivable	364,409	391,124
	<u>4,632,043</u>	<u>4,184,408</u>

6. Operating profit

The operating profit is stated after charging:

	2019	2018
	£	£
Depreciation of tangible fixed assets	4,828,990	4,286,077
Amortisation of intangible assets, including goodwill	69,388	85,743
Other operating lease rentals	15,127,612	14,988,660
	<u>15,127,612</u>	<u>14,988,660</u>

7. Auditor's remuneration

	2019	2018
	£	£
Fees payable to the Company's auditor for the audit of the Company's annual accounts	147,638	143,073
Fees payable to the Company's auditor in respect of: - other services relating to taxation	62,172	60,250
	<u>62,172</u>	<u>60,250</u>

CITY ELECTRICAL FACTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

8. Employees

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

	2019 £	2018 £
Wages and salaries	96,303,888	95,620,684
Social security costs	10,751,728	10,528,760
Cost of defined contribution scheme	2,913,699	2,040,088
	<u>109,969,315</u>	<u>108,189,532</u>

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

	2019 No.	2018 No.
Full time	2,634	2,587
Part time	23	23
	<u>2,657</u>	<u>2,610</u>

9. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	2,990,498	4,895,501
Company contributions to defined contribution pension schemes	2,883	2,883
	<u>2,993,381</u>	<u>4,898,384</u>

During the year retirement benefits were accruing to 3 directors (2018 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £1,124,565 (2018 - £1,786,313).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,125 (2018 - £NIL).

CITY ELECTRICAL FACTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

10. Interest receivable

	2019	2018
	£	£
Interest receivable from group companies	2,318,167	1,775,959
Bank interest receivable	279,566	727,508
Other interest received	3,594	1,865
Foreign exchange gain	-	1,481,238
	<u>2,601,327</u>	<u>3,986,570</u>

11. Interest payable and similar expenses

	2019	2018
	£	£
Bank interest payable	377,431	-
Other interest payable	153,299	160,418
Foreign exchange loss	1,711,915	-
Deep discount securities interest	2,344,108	2,225,770
Finance leases and hire purchase contracts	2,015	4,199
	<u>4,588,768</u>	<u>2,390,387</u>

CITY ELECTRICAL FACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019

12. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	2,727,338	3,836,806
Adjustments in respect of previous periods	(15,651)	(39,908)
	<u>2,711,687</u>	<u>3,796,898</u>
Deferred tax		
Origination and reversal of timing differences	(8,114)	(578,972)
Adjustments in respect of prior periods	697	2,104
Effect of tax rate change on opening balance	81,375	-
Total deferred tax	<u>73,958</u>	<u>(576,868)</u>
Taxation on profit on ordinary activities	<u>2,785,645</u>	<u>3,220,030</u>

CITY ELECTRICAL FACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>13,138,226</u>	<u>17,347,249</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	2,496,263	3,295,977
Effects of:		
Expenses not deductible for tax purposes	151,205	103,106
Adjustments to tax charge in respect of prior periods	(15,651)	(39,908)
Depreciation on non qualifying assets	244,398	174,540
Rate variances	82,330	32,165
Group relief	(173,597)	(347,954)
Adjustments to deferred tax in respect of prior periods	697	2,104
Total tax charge for the year	<u>2,785,645</u>	<u>3,220,030</u>

Factors that may affect future tax charges

Deferred tax has been provided at 17% (2018 - 18%) as this is the rate at which the Directors expect these timing differences to reverse.

There were no other factors that may affect future charges.

CITY ELECTRICAL FACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019

13. Intangible assets

	Software £
Cost	
At 1 May 2018	3,562,778
Additions	38,357
Disposals	(16,995)
At 30 April 2019	<u>3,584,140</u>
Amortisation	
At 1 May 2018	3,416,374
Charge for the year	69,388
On disposals	(1,416)
At 30 April 2019	<u>3,484,346</u>
Net book value	
At 30 April 2019	<u>99,794</u>
At 30 April 2018	<u>146,404</u>

CITY ELECTRICAL FACTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

14. Tangible fixed assets

	Freehold Land and Buildings £	Long Leasehold Land and Buildings £	Aircraft, Plant and Machinery £	Motor Vehicles £	Assets under construction £	Total £
Cost						
At 1 May 2018	12,727,390	651,696	49,675,488	1,668,994	26,421,622	91,145,190
Additions	145,363	-	2,806,942	333,846	7,535,226	10,821,377
Transfers intra group	-	-	(26,799)	-	-	(26,799)
Disposals	(977,259)	-	(2,679,221)	(506,298)	-	(4,162,778)
Transfers between classes	27,533,705	-	5,143,964	-	(32,677,669)	-
At 30 April 2019	39,429,199	651,696	54,920,374	1,496,542	1,279,179	97,776,990
Depreciation						
At 1 May 2018	546,436	70,814	37,389,439	527,538	-	38,534,227
Charge for the year	536,058	9,145	4,020,761	263,026	-	4,828,990
Transfers intra group	-	-	(26,570)	-	-	(26,570)
Disposals	(77,304)	-	(2,624,957)	(280,016)	-	(2,982,277)
At 30 April 2019	1,005,190	79,959	38,758,673	510,548	-	40,354,370
Net book value						
At 30 April 2019	38,424,009	571,737	16,161,701	985,994	1,279,179	57,422,620
At 30 April 2018	12,180,954	580,882	12,286,049	1,141,456	26,421,622	52,610,963

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

	2019 £	2018 £
Plant and machinery and motor vehicles	-	15,144

Included in land and buildings is freehold land at cost of £10,702,548 (2018 - £5,445,631) which is not depreciated.

CITY ELECTRICAL FACTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

15. Stocks

	2019 £	2018 £
Finished goods and goods for resale	<u>97,918,378</u>	<u>86,658,972</u>

Stock recognised in cost of sales during the year as an expense was £373,856,873 (2018 - £348,867,217).

16. Debtors

	2019 £	2018 £
Trade debtors	92,055,653	77,947,618
Amounts owed by group undertakings	134,512,095	90,712,074
Other debtors	1,115,519	3,151,389
Prepayments and accrued income	4,253,175	3,618,763
Deferred taxation (note 19)	1,391,496	1,465,454
	<u>233,327,938</u>	<u>176,895,298</u>

17. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank overdrafts	28,131,947	2,173,297
Other loans (secured)	309,640	291,198
Deep discount securities	78,404,345	80,605,157
Trade creditors	44,448,064	39,206,294
Amounts owed to group undertakings	16,136,604	13,814,809
Corporation tax	478,332	-
Other taxation and social security	11,557,739	11,716,070
Obligations under finance lease and hire purchase contracts	-	13,167
Other creditors	27,000,900	27,280,308
Accruals and deferred income	4,092,416	4,442,575
	<u>210,559,987</u>	<u>179,542,875</u>

CITY ELECTRICAL FACTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

18. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Other loans (secured)	3,382,262	3,449,570
Other creditors	2,613,218	2,564,226
	<u>5,995,480</u>	<u>6,013,796</u>

The Company and a third party each own a 50% interest in an aircraft, which is part financed by a loan from PNC Equipment Finance, LLC. The loan is secured on the aircraft and there is a cross guarantee with the third party.

Included within Other creditors is an amount of £Nil (2018 - £354,870) which is due after more than five years.

19. Deferred taxation

	2019 £
At beginning of year	1,465,454
Charged to profit or loss	(73,958)
At end of year	<u><u>1,391,496</u></u>

The deferred tax asset is made up as follows:

	2019 £	2018 £
Deferred capital allowances	662,258	739,762
Other short term timing differences	729,238	725,692
	<u>1,391,496</u>	<u>1,465,454</u>

CITY ELECTRICAL FACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019

20. Provisions

	Provision for empty property costs £
At 1 May 2018	248,240
Charged to profit or loss	(53,602)
At 30 April 2019	<u>194,638</u>

Provision for empty property costs

The provision relates to the costs to be incurred, including rent, for premises not being used or re-let. These are the expected costs to be incurred for the time the property is anticipated to remain empty whilst the letting agents seek a new tenant.

21. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
35,000,000 (2018 - 35,000,000) Ordinary shares of £1.00 each	<u>35,000,000</u>	<u>35,000,000</u>

22. Contingent liabilities

The Company is party to an unlimited multilateral guarantee as security for the bank borrowings of its fellow group companies. At 30 April 2019 the potential liability under this guarantee was £28,636,968 (2018 - £73,438,176).

The Company has entered into arrangements with other group companies whereby debts of those companies have been guaranteed by the Company. These guarantees at 30 April 2019 amounted to £73,656 (2018 - £136,193). There has not been any call on these guarantees during the year.

23. Capital commitments

At 30 April 2019 the Company had capital commitments as follows:

	2019 £	2018 £
Contracted for but not provided in these financial statements	<u>5,527,236</u>	<u>6,000,938</u>

CITY ELECTRICAL FACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019

24. Pension commitments

The Company contributes to defined contribution pension schemes whose assets are held separately from those of the Company in independently administered funds. At the year end there were outstanding contributions of £159,951 (2018 - £140,340).

25. Commitments under operating leases

At 30 April 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	12,521,151	12,430,237
Later than 1 year and not later than 5 years	27,123,566	29,532,103
Later than 5 years	11,232,162	10,472,298
Total	50,876,879	52,434,638

26. Controlling party

The immediate parent undertaking is CEF Holdings Limited, whose registered office is Georgina Mackie House, 141 Farmer Ward Road, Kenilworth, Warwickshire, CV8 2SU. The consolidated accounts can be obtained from Companies House.

The ultimate parent company is Labora Holdings Limited, a company incorporated in Jersey, Channel Islands, which has no controlling party.

The smallest group for which consolidated financial statements have been prepared for the year ended 30 April 2019 is CEF Holdings Limited. The largest group is Labora Holdings Limited.