Company registration number: 01185881

Lloyd Morris Electrical Limited

Financial statements

31 December 2018

Lloyd Morris Electrical Limited

Contents

Lloyd Morris Electrical Limited

Directors and other information

Directors	Mr B C Lewis Mr R D Sharpe
Secretary	Mrs K J Moss
Company number	01185881
Registered office	Pandy Business Park Wrexham LL11 2UD
Auditor	Higson & Co White House Wollaton Street Nottingham NG1 5GF

Bankers	Barclays Bank PLC Raymond Court Princes Drive Colwyn Bay LL29 8HT

Lloyd Morris Electrical Limited

Strategic report

Year ended 31 December 2018

Review of business

We aim to present a review of the development and performance of our business during the year and its position at the year-end. Our review is consistent with the size and nature of our business and is written in the context of the risks and uncertainties we face.

The principal activity of the company during the year continued to be that of electrical contracting.

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these including turnover, gross profit and operating profit.

The company's turnover decreased in the year ended 31 December 2018 due to the framework's five year amp period being in it's last twelve months which is historically a low spend period. It is anticipated that the start of the new amp period will see turnover increase back to previous levels.

Principal risks and uncertainties

The company operates in a highly competitive market.

The directors monitor economic conditions and its business strategies will be modified to reflect any changes in market conditions.

As the negotiations around the UK's withdrawal from the European Union continue, there remains significant uncertainty in the UK economy generally. In the circumstances, the extent to which the company's operations and financial performance are affected will only become clear as the terms of the agreement emerge. The directors believe the key risk facing the business is in obtaining goods from suppliers as a result of Brexit and the impact of increased uncertainty surrounding the UK economy.

Whilst the directors recognise the risks associated with Brexit, they believe that these risks will be mitigated by the strength of the Cema group and the company's strong balance sheet.

With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforseen future events outside our control, hence we are constantly assessing our plans in line with the current environment.

This report was approved by the board of directors on 26 September 2019 and signed on behalf of the board by:

Mr B C Lewis

Director

Lloyd Morris Electrical Limited

Directors report

Year ended 31 December 2018

The directors present their report and the financial statements of the company for the year ended 31 December 2018.

Directors

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

Mr B C Lewis
Mr R D Sharpe

Dividends

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

Future developments

After an improved trading year in 2018 the company has continued to invest in it's infastructure which it is believed will increase returns going forward.

Financial risk management objectives and policies

The directors objective is to grow the turnover within the electrical contracting industry and expand into new market sectors using their current expertise. The directors consider the sectors that the company works in and those that the company intends to expand into as being generally low risk, largely due to the company's expertise in the technology utilised in these sectors. The directors manage the operation of the company using a number of indicators including trade debtors, amounts owed by customers on installation contracts, cash at bank, trade and other creditors and performance ratios derived from monthly management accounts. The directors seek to manage financial risk by ensuring liquidity is available to meet forseeable needs. This has been achieved through their day to day involvement in making business decisions.

Financial instruments

Financial assets measured at amortised cost comprise of cash at bank, trade debtors, amounts owed by customers on installation contracts, prepayments and other debtors.

Financial liabilities measured at amortised cost consist of bank and other loans, trade creditors, amounts owed to group undertakings, corporation tax, VAT, other tax and social security and accruals.

Research and development

During this year the company continued to invest in it's research and development laboratory which continues to benefit the business.

Disclosure of information in the strategic report.

The company has in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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 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.

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 26 September 2019 and signed on behalf of the board by:

Mr B C Lewis

Director

Lloyd Morris Electrical Limited

Independent auditor's report to the members of

Lloyd Morris Electrical Limited

Year ended 31 December 2018

Opinion

We have audited the financial statements of Lloyd Morris Electrical Limited for the year ended 31 December 2018 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 2018 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 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 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.

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 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 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 set out on page 4, 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. - 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

Chartered Accountants and Statutory Auditors

White House

Wollaton Street

Nottingham NG1 5GF

26 September 2019

Lloyd Morris Electrical Limited

Statement of comprehensive income

Year ended 31 December 2018

	Note	2018	2017
		£	£
Turnover	4	11,875,470	12,978,810
Cost of sales		(10,570,797)	(11,657,842)
Gross profit		1,304,673	1,320,968
Distribution costs		(67,541)	(87,488)
Administrative expenses		(1,175,484)	(1,173,473)
Other operating income	5	23,795	35,476
Operating profit	6	85,443	95,483
Income from shares in group undertakings	9	100,000	30,000
Other interest receivable and similar income	10	109	16
Interest payable and similar expenses	11	(15,750)	(15,221)
Profit before taxation		169,802	110,278
Tax on profit	12	(4,382)	(3)
Profit for the financial year and total comprehensive income		165,420	110,275

All the activities of the company are from continuing operations.

Lloyd Morris Electrical Limited

Statement of financial position

31 December 2018

	Note	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	**14**	669,006		675,851	
Investments	**15**	100		100	
			669,106		675,951
Current assets					
Stocks	**16**	60,000		60,000	
Debtors	**17**	2,763,880		2,739,121	
Cash at bank and in hand		127,776		831	
		2,951,656		2,799,952	
Creditors: amounts falling due within one year	**19**	(2,297,213)		(2,177,139)	
Net current assets			654,443		622,813
Total assets less current liabilities			1,323,549		1,298,764
Creditors: amounts falling due after more than one year	**20**		(42,970)		(83,605)
Net assets			1,280,579		1,215,159
Capital and reserves					
Called up share capital	**23**		11,764		11,764
Profit and loss account			1,268,815		1,203,395
Shareholders funds			1,280,579		1,215,159

These financial statements were approved by the board of directors and authorised for issue on 26 September 2019 , and are signed on behalf of the board by:

Mr B C Lewis

Director

Company registration number: 01185881

Lloyd Morris Electrical Limited

Statement of changes in equity

Year ended 31 December 2018

	Called up share capital	Profit and loss account	**Total**
	£	£	**£**
At 1 January 2017	11,764	1,203,120	1,214,884
Profit for the year		110,275	110,275
Total comprehensive income for the year	-	110,275	110,275
Dividends paid and payable		(110,000)	(110,000)
Total investments by and distributions to owners	-	(110,000)	(110,000)
At 31 December 2017 and 1 January 2018	11,764	1,203,395	1,215,159
Profit for the year		165,420	165,420
Total comprehensive income for the year	-	165,420	165,420
Dividends paid and payable		(100,000)	(100,000)
Total investments by and distributions to owners	-	(100,000)	(100,000)
At 31 December 2018	11,764	1,268,815	1,280,579

Lloyd Morris Electrical Limited

Statement of cash flows

Year ended 31 December 2018

	Note	**2018**	2017
		£	£
Cash flows from operating activities			
Profit for the financial year		165,420	110,275
Adjustments for:			
Depreciation of tangible assets		29,082	31,388
Income from shares in group undertakings		(100,000)	(30,000)
Other interest receivable and similar income		(109)	(16)
Interest payable and similar expenses		15,750	15,221
Gain/(loss) on disposal of tangible assets		451	3,872
Tax on profit		4,382	3
Accrued expenses/(income)		(17,506)	(26,022)
Changes in:			
Trade and other debtors		(24,759)	610,047
Trade and other creditors		36,380	(395,724)
Cash generated from operations		109,091	319,044
Interest paid		(15,750)	(15,221)
Interest received		109	16
Tax paid		(3)	(11)
Net cash from operating activities		93,447	303,828
Cash flows from investing activities			
Purchase of tangible assets		(22,738)	(54,954)
Proceeds from sale of tangible assets		50	800
Dividends received		100,000	30,000
Net cash from/(used in) investing activities		77,312	(24,154)
Cash flows from financing activities			
Proceeds from borrowings		(40,635)	(39,957)
Proceeds from loans from group undertakings		110,168	(91,120)
Equity dividends paid		(100,000)	(110,000)
Net cash used in financing activities		(30,467)	(241,077)
Net increase/(decrease) in cash and cash equivalents		140,292	38,597
Cash and cash equivalents at beginning of year	**18**	(12,516)	(51,113)

Cash and cash equivalents at end of year	**18**	127,776	(12,516)

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Pandy Business Park, Wrexham LL11 2UD.

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.

Group accounts

The company is exempt from the obligation to prepare and deliver group accounts as it is included in the accounts of Cema Group Limited, registered in England number 09874998. These financial statements therefore represent information about the company as an individual undertaking and not about its group.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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 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.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Research and development

Research expenditure is written off in the year in which it is incurred. Development expenditure incurred is capitalised as an intangible asset only when all of the following criteria are met: - It is technically feasible to complete the intangible asset so that it will be available for use or sale; - There is the intention to complete the intangible asset and use or sell it; - There is the ability to use or sell the intangible asset; - The use or sale of the intangible asset will generate probable future economic benefits; - There are adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and - The expenditure attributable to the intangible asset during its development can be measured reliably. Expenditure that does not meet the above criteria is expensed as incurred.

Tangible assets

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

Estimated useful lives of tangible assets are based on management's judgement and historical experience with similar assets.

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:

Land and buildings freehold	-	2 % straight line
Plant and machinery	-	25 % reducing balance
Fittings fixtures and equipment	-	25 % reducing balance
Motor vehicles	-	25 % reducing balance

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.

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.

Installation contracts

Where the outcome of installation contracts can be reliably estimated, contract revenue and contract costs are recognised by reference to the stage of completion of the contract activity as at the year end. Where the outcome of installation contracts cannot be estimated reliably, revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable, and contract costs are recognised as an expense in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is expenses immediately, with a corresponding provision for an onerous contract being recognised. Where the collectability of an amount already recognised as contract revenue is no longer probable, the uncollectible amount is expensed rather than recognised as an adjustment to the amount of contract revenue. The entity uses the percentage of completion method to determine the amounts to be recognised in the period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred for work performed to date do not include costs relating to future activity, such as for materials or prepayments.

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 or 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.

Defined benefits plans

The company operates a defined benefit pension scheme for certain employees. The contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees. Variations from the regular costs are spread over the average expected remaining working lives of current members in the scheme.

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.

4. Turnover

Turnover arises from:

	2018	2017
	£	£
Assembly of control panels	4,156,415	4,542,584
Installation contracts	7,719,055	8,436,226
	11,875,470	12,978,810

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

5. Other operating income

	2018	2017
	£	£
Other operating income	23,795	35,476

6. Operating profit

Operating profit is stated after charging/(crediting):

	2018	2017
	£	£
Depreciation of tangible assets	29,082	31,388
Loss on disposal of tangible assets	451	3,872
Cost of stocks recognised as an expense	4,876,345	5,290,226
Impairment of trade debtors	9,763	12,604
Research and development expenditure written off	45,430	19,868
Operating lease rentals	155,348	149,848
Fees payable for the audit of the financial statements	13,125	12,750

7. Staff costs

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

	2018	2017
Staff	32	33
Hourly Paid	102	101
	134	134

The aggregate payroll costs incurred during the year were:

	2018	2017
	£	£
Wages and salaries	4,118,209	4,383,175
Social security costs	396,807	422,819
Other pension costs	88,676	87,802
	4,603,692	4,893,796

8. Directors remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2018	2017
	£	£
Remuneration	44,310	33,933
Company contributions to pension schemes in respect of qualifying services	13,655	13,492
	57,965	47,425

The number of directors who accrued benefits under company pension plans was as follows:

	2018	2017
	Number	Number
Defined contribution plans	1	1

9. Income from shares in group undertakings

	2018	2017
	£	£
Income from shares in group undertakings	100,000	30,000

10. Other interest receivable and similar income

	2018	2017
	£	£
Bank deposits	109	16

11. Interest payable and similar expenses

	2018	2017
	£	£
Bank loans and overdrafts	4,214	5,632
Loans from group undertakings	11,536	9,589
	15,750	15,221

12. Tax on profit

Major components of tax expense

	2018	2017
	£	£
Current tax:		
UK current tax expense	4,382	3
Tax on profit	4,382	3

Reconciliation of tax expense

The tax assessed on the profit for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK of 19.00 % (2017: 19.25%).

	2018	2017
	£	£
Profit before taxation	169,802	110,278
Profit multiplied by rate of tax	32,262	21,229
Effect of expenses not deductible for tax purposes	499	1,288
Effect of capital allowances and depreciation	2,216	2,937
Effect of revenue exempt from tax	(19,000)	(5,776)
Utilisation of tax losses	(374)	(14,703)
Research and development enhanced expenditure	(11,221)	(4,972)
Tax on profit	4,382	3

13. Dividends

Equity dividends

	2018	2017
	£	£
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	100,000	110,000

The dividends paid to the director B C Lewis including family interest amounted to £50,000 (2017 £55,000).

14. Tangible assets

	Freehold property	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	**Total**
	£	£	£	£	**£**
Cost					
At 1 January 2018	664,892	119,348	139,134	145,326	1,068,700
Additions	14,535	4,203	-	4,000	22,738
Disposals	-	-	-	(5,000)	(5,000)
At 31 December 2018	679,427	123,551	139,134	144,326	1,086,438
Depreciation					
At 1 January 2018	43,313	94,094	135,557	119,885	392,849
Charge for the year	13,589	7,364	894	7,235	29,082
Disposals	-	-	-	(4,499)	(4,499)
At 31 December 2018	56,902	101,458	136,451	122,621	417,432
Carrying amount					
At 31 December 2018	622,525	22,093	2,683	21,705	669,006
At 31 December 2017	621,579	25,254	3,577	25,441	675,851

15. Investments

	Shares in group undertakings	**Total**
	£	**£**
Cost		
At 1 January 2018 and 31 December 2018	100	100
Impairment		
At 1 January 2018 and 31 December 2018	-	-
Carrying amount		
At 31 December 2018	100	100
At 31 December 2017	100	100

Investments in group undertakings

	Registered office	Class of share	Percentage of shares held
Subsidiary undertakings			
Merlin Systems Limited	Unit 4 Blackwood Business Park Ash Road South Wrexham Industrial Estate Wrexham LL13 9UG	Ordinary	100

The results and capital and reserves for the period of the trading companies are as follows:

		Capital and reserves		**Profit for the period**
	2018	2017	**2018**	2017
	£	£	**£**	£
Subsidiary undertakings				
Merlin Systems Limited	354,637	191,312	263,225	178,842

16. Stocks

	2018	2017
	£	£
Raw materials	60,000	60,000

17. Debtors

	2018	2017
	£	£
Trade debtors	1,530,253	1,411,091
Amounts owed by customers on installation contracts	1,213,215	1,304,654
Prepayments and accrued income	20,412	17,826
Other debtors	-	5,550
	2,763,880	2,739,121

18. Cash and cash equivalents

	2018	2017
	£	£
Cash at bank and in hand	127,776	831
Bank overdrafts	-	(13,347)
	127,776	(12,516)

19. Creditors: amounts falling due within one year

	2018	2017
	£	£
Bank loans and overdrafts	64,849	78,196
Trade creditors	1,229,992	1,342,492
Amounts owed to group undertakings	391,194	281,026
Accruals and deferred income	108,798	126,304
Corporation tax	4,382	3
Social security and other taxes	497,998	349,118
	2,297,213	2,177,139

The bank loan is repayable within 5 years in equal monthly installments. Barclays Bank PLC hold as security a limited guarantee dated 8 May 2009 given by Cema Limited, the parent company for £300,000, a charge over the land and buildings at Miners Road, Llay Industrial Estate, Llay, Wrexham LL12 0PJ on the Bank's standard form dated 27 June 2014, a charge over land behind Miners Road, Llay Industrial Estate, Llay, Wrexham LL12 0PJ on the Bank's standard form dated 7 August 2015 and a charge over a credit balance on the Bank's standard form dated 21 August 2012.

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

	2018	2017
	£	£
Bank loan	42,970	83,605

21. Employee benefits

Defined contribution plans

The amount recognised in profit or loss in relation to defined contribution plans was £88,676 (2017: £82,673).

Defined benefit plans

The amount recognised in profit or loss in relation to defined benefit plans was £NIL (2017: £5,129). Lloyd Morris Electrical Limited operates a defined benefit pension scheme through Prudential Platinum Pension which is a centralised scheme available to employers throughout the United Kingdom. Each participating employer (or group company arrangement) has its own ring-fenced section and accordingly there is no cross subsidy between employers, other than in a group company arrangement. The scheme provides retirement and death in service benefits for members and their dependants. It is a deferred scheme which means that the benefits under it are calculated on a pre-determined basis specified in the scheme's rules.At 31 December 2018 there were no active members (2017 0), 2 deferred members (2017 3) and 3 pensioner annuitants (2017 3).Formal actuarial valuations are carried out every 3 years.The latest formal actuarial valuation was undertaken at 31 December 2016 and showed a funding level of 117% at that date (31/12/2013 127%). The sub scheme showed a surplus of £101,500 (2013 £94,900) at the valuation date.If the sub scheme had been discontinued at the valuation date of 31 December 2016 there would have been a deficit of £120,000 (31/12/2013 £24,500).Cema Limited purchased the share capital of Lloyd Morris Electrical Limited on 25 February 2009 and a clause was included in the purchase agreement indemnifying the company against any losses suffered in respect of the scheme. There is a reserve of £20,000 (2017 £20,000) included in accruals to cover any shortfall that may arise.

22. Financial instruments

	2018	2017
	£	£
Financial assets measured at fair value through profit or loss		
Financial assets that are debt instruments measured at amortised cost	2,891,656	2,739,952
Financial liabilities measured at fair value through profit or loss		
Financial liabilities measured at amortised cost	2,340,183	2,260,744

Financial assets measured at amortised cost comprise of cash at bank, trade debtors, amounts owed by customers on installation contracts, prepayments and other debtors.Financial liabilities measured at amortised cost comprise of bank and other loans, trade creditors, amounts owed to group undertakings, corporation tax, VAT, other tax and social security and accruals.

23. Called up share capital

Issued, called up and fully paid

	2018		2017	
	No	£	No	£
Ordinary shares shares of £ 1.00 each	8,000	8,000	8,000	8,000
Ordinary A shares shares of £ 1.00 each	2,000	2,000	2,000	2,000
Ordinary B shares shares of £ 1.00 each	1,764	1,764	1,764	1,764
	11,764	11,764	11,764	11,764

24. Analysis of changes in net debt

	At 1 January 2018	Cash flows	At 31 December 2018
	£	£	£
Cash and cash equivalents	831	126,945	127,776
Bank overdrafts	(13,347)	13,347	-
Debt due within one year	(345,875)	(110,168)	(456,043)
Debt due after one year	(83,605)	40,635	(42,970)
	(441,996)	70,759	(371,237)

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

	2018	2017
	£	£
Increase in cash and cash equivalents in the year	140,292	38,597
Proceeds from borrowings	40,635	39,957
Proceeds from loans from group undertakings	(110,168)	91,120
Change in net debt	70,759	169,674
Net debt at 1 January 2018	(441,996)	(611,670)
Net debt at 31 December 2018	(371,237)	(441,996)

26. Operating leases

The company as lessee

The total future minimum lease payments under non-cancellable operating leases are as follows:

	£	£
Not later than 1 year	24,531	12,605
Later than 1 year and not later than 5 years	163,646	180,021
	188,177	192,626

27. Directors advances, credits and guarantees

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

2018

	Balance brought forward	Amounts repaid	Balance o/standing
	£	**£**	**£**
Mr B C Lewis	5,000	(5,000)	-

2017

	Balance brought forward	Amounts repaid	Balance o/standing
	£	£	£
Mr B C Lewis	5,000	-	5,000

28. Related party transactions

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

	Transaction value		Balance owed by/(owed to)	
	2018	2017	**2018**	2017
	£	£	**£**	£
Merlin Systems Limited	42,899	(15,816)	84,886	195,841
Cema Limited	17,819	640	(1,080)	(180)
Cema Tracking Solutions Limited	(216)	(3,132)	-	-
Cema Solutions Limited	(11,536)	(9,589)	(475,000)	(476,687)

The companies are related parties due to the group structure and/or F G Ciaurro 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 customers.During the year Lloyd Morris Electrical Limited paid a dividend of £50,000 (2017 £55,000) to Cema Limited.During the year Lloyd Morris Electrical Limited received a dividend of £100,000 (2017 £30,000) from Merlin Systems Limited.

29. Controlling party

The company is controlled by Cema Group Limited, whose registered office address is White House, Wollaton Street, Nottingham NG1 5GF and is registered under company number 09874998 in England and Wales.Cema Group Limited owns 76.50% of the issued share capital.