

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

**FOR**

**CENTRAL ELECTRICAL ARMATURE WINDING CO.  
LIMITED**

**CENTRAL ELECTRICAL ARMATURE WINDING CO.  
LIMITED (REGISTERED NUMBER: 01303644)**

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FOR THE YEAR ENDED 31 DECEMBER 2020**

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**CENTRAL ELECTRICAL ARMATURE WINDING CO.  
LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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<b>DIRECTORS:</b>	T J Sutton S W Sutton I P Riley
<b>SECRETARY:</b>	Corporate Officer Solutions Ltd
<b>REGISTERED OFFICE:</b>	Kitling Road Knowsley Industrial Park South Liverpool L34 9JA
<b>REGISTERED NUMBER:</b>	01303644 (England and Wales)
<b>AUDITORS:</b>	Additions Statutory Auditors One Derby Square Liverpool L2 9QR

**CENTRAL ELECTRICAL ARMATURE WINDING CO.  
LIMITED (REGISTERED NUMBER: 01303644)**

**BALANCE SHEET  
31 DECEMBER 2020**

	Notes	2020 £	£	2019 £	£
<b>FIXED ASSETS</b>					
Tangible assets	5		402,635		427,258
<b>CURRENT ASSETS</b>					
Stocks		752,375		970,227	
Debtors	6	2,489,388		2,378,404	
Cash at bank and in hand		<u>763,923</u>		<u>106,342</u>	
		4,005,686		3,454,973	
<b>CREDITORS</b>					
Amounts falling due within one year	7	<u>2,156,241</u>		<u>1,097,736</u>	
<b>NET CURRENT ASSETS</b>			<u>1,849,445</u>		<u>2,357,237</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			2,252,080		2,784,495
<b>CREDITORS</b>					
Amounts falling due after more than one year	8		(656,269)		(75,891)
<b>PROVISIONS FOR LIABILITIES</b>	11		<u>(18,603)</u>		<u>(1,707,635)</u>
<b>NET ASSETS</b>			<u>1,577,208</u>		<u>1,000,969</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		1,000		1,000
Retained earnings			<u>1,576,208</u>		<u>999,969</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>1,577,208</u>		<u>1,000,969</u>

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 28 September 2021 and were signed on its behalf by:

I P Riley - Director

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1. STATUTORY INFORMATION**

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

**2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006.

**3. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements have been prepared under the historical cost convention.

**Going concern**

The company has been trading profitably for 44 years. It operates in a competitive market and continually reviews its costs to make and retain profits to enable it to invest in assets, staff and processes. The requirement to pay its legal tax liabilities is one such cost kept under review by the directors. In 2008 (and subsequent years) the company undertook tax planning, which on the advice of its advisors was legal and compliant with tax legislation applicable at the time of the planning. Full disclosure was made to HMRC of such planning. Following judgement in the Supreme Court which overturned previously held opinions, together with legislation (some of which retrospective) introduced by the government, the directors took the view that the company should enter into a settlement agreement with HMRC for the benefit of the company and its staff. The agreed settlement amounted to £1.7m in respect of all relevant taxes and charges. At 31 December 2020, the balance payable by the company was £1,191,690. Of this, £591,775 is included in other creditors falling due within one year with the balance of £599,915 included in other creditors falling due after more than one year.

At 31 December 2020, the company had net current assets of £1,849,445 and net assets of £1,577,208. The company has seen no significant impact from COVID-19 with regards to its operational performance. The company has made the required changes to its operations for health and safety reasons to mitigate any possible exposure to COVID-19 to our staff and those who work with Central. The business sector in which the company operates and the customers we deal with shows no significant indication of a downturn in work.

Given this, and on the basis of current financial projections and facilities available to the company the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future after allowing for the repayment of amounts falling due under the settlement with HMRC. Accordingly, they consider that it is appropriate to adopt the going concern basis in preparing the annual report and accounts.

**Turnover**

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery	- 10% on reducing balance
Motor vehicles	- 25% on reducing balance
Office equipment	- 20% on reducing balance

3. **ACCOUNTING POLICIES - continued**

**Government grants**

Government grants are recognised in the financial statements based on the accrual model of FRS 102.

Grants relating to revenue are recognised in income over the same period as the related costs for which the grant is intended to compensate.

A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs is recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income over the expected useful life of the asset. Where part of a grant relating to an asset is deferred it is recognised as deferred income and not deducted from the carrying amount of the asset.

**Stocks**

Stock and work in progress are valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**Taxation**

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

Current or deferred taxation assets and liabilities are not discounted.

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

**Deferred tax**

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

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

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

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The capital element of the future payments is treated as a liability. The interest element of these obligations is charged to the profit and loss account over the relevant period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

The benefits of lease incentives are recognised in the income statement over the lease period.

**Pension costs and other post-retirement benefits**

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

**3. ACCOUNTING POLICIES - continued**

**Invoice financing**

The company has adopted the separate presentation method of accounting, whereby gross factored debts are included in the balance sheet as an asset and the advances from the factor are included in creditors as a liability.

**Short term debtors and creditors**

Short term debtors and creditors with no stated interest rate are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account.

**Exceptional items**

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the company. They are material items of income or expenditure which are of exceptional size or incidence and are presented within the line items to which they best relate.

**4. EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 65 (2019 - 69).

**5. TANGIBLE FIXED ASSETS**

	Plant and machinery £	Motor vehicles £	Office equipment £	Totals £
<b>COST</b>				
At 1 January 2020	1,032,622	385,669	407,364	1,825,655
Additions	21,583	30,175	8,573	60,331
Disposals	-	(18,445)	-	(18,445)
At 31 December 2020	<u>1,054,205</u>	<u>397,399</u>	<u>415,937</u>	<u>1,867,541</u>
<b>DEPRECIATION</b>				
At 1 January 2020	801,211	227,300	369,886	1,398,397
Charge for year	24,623	43,394	8,507	76,524
Eliminated on disposal	-	(10,015)	-	(10,015)
At 31 December 2020	<u>825,834</u>	<u>260,679</u>	<u>378,393</u>	<u>1,464,906</u>
<b>NET BOOK VALUE</b>				
At 31 December 2020	<u>228,371</u>	<u>136,720</u>	<u>37,544</u>	<u>402,635</u>
At 31 December 2019	<u>231,411</u>	<u>158,369</u>	<u>37,478</u>	<u>427,258</u>

Included within the net book value of tangible fixed assets is £112,542 (2019 - £148,393) in respect of assets held under hire purchase contracts.

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

	2020 £	2019 £
Trade debtors	1,427,459	1,454,756
Amounts owed by group undertakings	207,515	307,894
Other debtors	854,414	615,754
	<u>2,489,388</u>	<u>2,378,404</u>

Amounts owed by group undertakings are unsecured, interest free, and have no fixed date for repayment.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Hire purchase contracts (see note 9)	42,690	50,608
Trade creditors	591,129	623,016
Taxation and social security	735,800	259,299
Other creditors	786,622	164,813
	<u>2,156,241</u>	<u>1,097,736</u>

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	£	£
Hire purchase contracts (see note 9)	56,354	75,891
Other creditors	599,915	-
	<u>656,269</u>	<u>75,891</u>

9. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2020	2019
	£	£
Net obligations repayable:		
Within one year	42,690	50,608
Between one and five years	56,354	75,891
	<u>99,044</u>	<u>126,499</u>

	Non-cancellable operating leases	
	2020	2019
	£	£
Within one year	61,175	76,076
Between one and five years	122,350	170,430
	<u>183,525</u>	<u>246,506</u>

10. SECURED DEBTS

The following secured debts are included within creditors:

	2020	2019
	£	£
Hire purchase contracts	<u>99,044</u>	<u>126,499</u>

11. PROVISIONS FOR LIABILITIES

	2020	2019
	£	£
Deferred tax		
Accelerated capital allowances	76,501	81,179
Other timing differences	(57,898)	(57,898)
Other provisions	-	1,684,354
	<u>18,603</u>	<u>1,707,635</u>

**11. PROVISIONS FOR LIABILITIES - continued**

	Deferred tax £	Other provisions £
Balance at 1 January 2020	23,281	1,684,354
Accelerated capital allowances	(4,678)	-
Transfer to creditors	-	(1,684,354)
Balance at 31 December 2020	<u>18,603</u>	<u>-</u>

Other provisions relates to the settlement with HMRC detailed in Note 3 Accounting Policies under the heading 'Going concern'. The balance has been transferred to creditors in accordance with the instalments falling due under the settlement agreed during the year.

**12. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal	2020	2019
Number:	Class:	value:	£	£
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

**13. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006**

The Report of the Auditors was unqualified.

Maxine Desse BA (Econ) FCA (Senior Statutory Auditor)  
for and on behalf of Additions

**14. CONTINGENT LIABILITIES**

The company has given a guarantee to Lloyds Bank plc in respect of a bank loan provided to Orangemead Limited, the parent company. At 31 December 2020 the balance on the loan was £141,471 (2019 - £180,876).

**15. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to directors subsisted during the years ended 31 December 2020 and 31 December 2019:

	2020 £	2019 £
<b>S W Sutton</b>		
Balance outstanding at start of year	229,998	229,998
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>229,998</u>	<u>229,998</u>
<b>T J Sutton</b>		
Balance outstanding at start of year	214,902	214,902
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>214,902</u>	<u>214,902</u>

The loans to directors are interest free and repayable on demand.

**16. RELATED PARTY DISCLOSURES**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**17. ULTIMATE CONTROLLING PARTY**

The directors S W Sutton and T J Sutton control the company by virtue of their controlling interest in the share capital of Orangemead Limited, the ultimate parent company.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.