

REGISTERED NUMBER: 10773565 (England and Wales)

Group Strategic Report, Report of the Director and  
Consolidated Financial Statements for the Year Ended 31 May 2019  
for  
Centregreat Trade Ltd



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**for the Year Ended 31 May 2019**

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Centregreat Trade Ltd

Company Information  
for the Year Ended 31 May 2019

**DIRECTOR:**

Mr J C Mathias

**REGISTERED OFFICE:**

Parcau Isaf Farm  
Laleston  
Bridgend  
Mid Glamorgan  
CF32 0NB

**REGISTERED NUMBER:**

10773565 (England and Wales)

**AUDITORS:**

WBV Limited  
The Third Floor  
Langdon House  
Langdon Road  
Swansea  
SA1 8QY

**Group Strategic Report**  
**for the Year Ended 31 May 2019**

The director presents his strategic report of the company and the group for the year ended 31 May 2019.

**REVIEW OF BUSINESS**

The most important element of the group's turnover continues to be derived from street lighting maintenance, which comprised 91.2% (2018: 87.4%) of the total. This element of turnover increased by 15.3%, compared to a decrease of 15.1% in 2018.

The group's staffing levels increased from an average of 228 in 2018 to 231 in 2019.

The total amount lent to the company by directors amounted to £211,017 at the year end (2018: £212,337).

The working capital has increased from £6,375,106 at 31 May 2018 to £6,621,209 at 31 May 2019.

The group's key financial performance indicators during the year were as follows:

Gross Profit Margin	16.54% (2018: 17.90%)
Net Profit Margin	1.00% (2018: 1.45%)
Annual Turnover Growth	10.31% (2018: -11.58%)

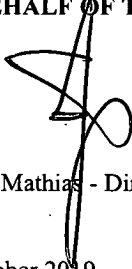
**PRINCIPAL RISKS AND UNCERTAINTIES**

In common with similar businesses, the group is at risk from adverse changes in economic conditions and customers' tighter budgets. The brexit process has created increased uncertainties in connection with the supply chain and the procurement process.

The group is involved in electrical installations, which associated health and safety risks and it runs a large fleet of commercial vehicles with corresponding risks. Against a background of an increased demand for skilled staff to work in the field of infrastructure contracts, the group has to maintain its ability to recruit, train and control new employees.

The directors have therefore considered the financial risks involved in undertaking its range of activities, and consider the group has an appropriate level of specialist staff to supervise and control its operations.

**ON BEHALF OF THE BOARD:**



Mr J C Mathias - Director

22 October 2019

Report of the Director  
for the Year Ended 31 May 2019

The director presents his report with the financial statements of the company and the group for the year ended 31 May 2019.

**PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of holding company and street lighting maintenance.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 May 2019.

**FUTURE DEVELOPMENTS**

The directors anticipate the group will continue to operate profitably. The group has secured additional contracts related to modernisation of critical infrastructure projects, and the directors anticipate these will lead to successful and profitable outcomes in the years ahead. The directors consider the group has adequate capital to fund its activities over the forthcoming year.

The directors believe the group has financial resources, and also a capable management team, which will enable it to properly deal with future developments.

**DIRECTOR**

Mr J C Mathias held office during the whole of the period from 1 June 2018 to the date of this report.

**FINANCIAL INSTRUMENTS**

The directors have carefully considered the financial risks involved in undertaking its range of activities, and consider the group has an appropriate level of specialist staff to supervise and control its operations.

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the Group Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Centregreat Trade Ltd (Registered number: 10773565)

Report of the Director  
for the Year Ended 31 May 2019

**AUDITORS**

The auditors, WBV Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, appearing to be 'J C Mathias', written over a vertical line.

Mr J C Mathias - Director

22 October 2019

## Report of the Independent Auditors to the Members of Centregreat Trade Ltd

### **Opinion**

We have audited the financial statements of Centregreat Trade Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 May 2019 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 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 group's and of the parent company affairs as at 31 May 2019 and of the group's 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group'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 director is responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors 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 Group Strategic Report and the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Director have been prepared in accordance with applicable legal requirements.

## Report of the Independent Auditors to the Members of Centregreat Trade Ltd

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Director.

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

### **Responsibilities of director**

As explained more fully in the Statement of Director's Responsibilities set out on page three, the director is 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 director determines 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 director is responsible for assessing the group's and the parent 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 director either intends to liquidate the group or the parent company or to cease operations, or has no realistic alternative but to do so.

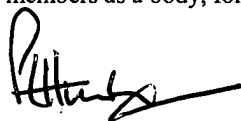
### **Auditors' responsibilities for the audit of the financial statements**

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 a Report of the Auditors 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

### **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 a Report of the Auditors 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.



Phillip Hunkin BSc FCA (Senior Statutory Auditor)  
for and on behalf of WBV Limited  
The Third Floor  
Langdon House  
Langdon Road  
Swansea  
SA1 8QY

22 October 2019



**Consolidated Income Statement**  
for the Year Ended 31 May 2019

	Notes	Year Ended 31.5.19		Period 17.5.17 to 31.5.18	
		£	£	£	£
<b>TURNOVER</b>	3		26,907,577		24,393,117
Cost of sales			22,456,696		20,045,155
<b>GROSS PROFIT</b>			4,450,881		4,347,962
Administrative expenses			4,180,507		3,983,895
			270,374		364,067
Other operating income			-		52,774
<b>OPERATING PROFIT</b>	5		270,374		416,841
Interest receivable and similar income		562		2,319	
Other finance income	18	8,000		2,000	
			8,562		4,319
			278,936		421,160
Interest payable and similar expenses	6		10,235		591
<b>PROFIT BEFORE TAXATION</b>			268,701		420,569
Tax on profit	7		53,600		68,376
<b>PROFIT FOR THE FINANCIAL YEAR</b>			215,101		352,193
Profit attributable to: Owners of the parent			215,101		352,193

The notes form part of these financial statements

Consolidated Other Comprehensive Income  
for the Year Ended 31 May 2019

	Notes	Year Ended 31.5.19 £	Period 17.5.17 to 31.5.18 £
<b>PROFIT FOR THE YEAR</b>		215,101	352,193
<b>OTHER COMPREHENSIVE INCOME</b>			
Gain/loss on defined benefit pension		(105,000)	199,000
Surplus/deficit on revaluation		-	689,621
Income tax relating to components of other comprehensive income		-	-
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		<u>(105,000)</u>	<u>888,621</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>110,101</u>	<u>1,240,814</u>
Total comprehensive income attributable to: Owners of the parent		<u>110,101</u>	<u>1,240,814</u>

**Consolidated Balance Sheet**

31 May 2019

	Notes	31.5.19		31.5.18	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	9		150,858		208,860
Investments	10		-		-
			<u>150,858</u>		<u>208,860</u>
<b>CURRENT ASSETS</b>					
Stocks	11	819,898		1,615,037	
Debtors	12	8,204,852		8,719,743	
Cash at bank and in hand		1,922,502		785,127	
			<u>10,947,252</u>	<u>11,119,907</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	13	4,326,043		4,744,801	
			<u>6,621,209</u>	<u>6,375,106</u>	
<b>NET CURRENT ASSETS</b>					
			<u>6,772,067</u>	<u>6,583,966</u>	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			<u>183,000</u>	<u>261,000</u>	
<b>PENSION ASSET</b>					
	19		<u>6,955,067</u>	<u>6,844,966</u>	
<b>NET ASSETS</b>					
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		108		108
Retained earnings	18		6,954,959		6,844,858
			<u>6,955,067</u>	<u>6,844,966</u>	
<b>SHAREHOLDERS' FUNDS</b>					

The financial statements were approved by the director on 22 October 2019 and were signed by:



Mr J C Mathias - Director

**Company Balance Sheet**

31 May 2019

	Notes	31.5.19		31.5.18	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	9		-		-
Investments	10		6,293,665		6,293,665
			<u>6,293,665</u>		<u>6,293,665</u>
<b>CURRENT ASSETS</b>					
Cash in hand		108		108	
		<u>108</u>		<u>108</u>	
<b>NET CURRENT ASSETS</b>			108		108
			<u>108</u>		<u>108</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			6,293,773		6,293,773
			<u>6,293,773</u>		<u>6,293,773</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		108		108
Retained earnings	18		6,293,665		6,293,665
			<u>6,293,665</u>		<u>6,293,665</u>
<b>SHAREHOLDERS' FUNDS</b>			6,293,773		6,293,773
			<u>6,293,773</u>		<u>6,293,773</u>
Company's profit for the financial year			-		6,293,665
			<u>-</u>		<u>6,293,665</u>

The financial statements were approved by the director on 22 October 2019 and were signed by:



Mr J C Mathias - Director

**Consolidated Statement of Changes in Equity**  
for the Year Ended 31 May 2019

	Called up share capital £	Retained earnings £	Total equity £
<b>Changes in equity</b>			
Profit for the period	-	352,193	352,193
Other comprehensive income	-	888,621	888,621
Total comprehensive income	-	1,240,814	1,240,814
Issue of share capital	108	-	108
Acquisition of Subsidiaries	-	5,604,044	5,604,044
<b>Balance at 31 May 2018</b>	<b>108</b>	<b>6,844,858</b>	<b>6,844,966</b>
<b>Changes in equity</b>			
Profit for the year	-	215,101	215,101
Other comprehensive income	-	(105,000)	(105,000)
Total comprehensive income	-	110,101	110,101
<b>Balance at 31 May 2019</b>	<b>108</b>	<b>6,954,959</b>	<b>6,955,067</b>

Centregreat Trade Ltd (Registered number: 10773565)

Company Statement of Changes in Equity  
for the Year Ended 31 May 2019

	Called up share capital £	Retained earnings £	Total equity £
<b>Changes in equity</b>			
Issue of share capital	108	-	108
Total comprehensive income	-	6,293,665	6,293,665
<b>Balance at 31 May 2018</b>	<u>108</u>	<u>6,293,665</u>	<u>6,293,773</u>
<b>Changes in equity</b>			
<b>Balance at 31 May 2019</b>	<u>108</u>	<u>6,293,665</u>	<u>6,293,773</u>

The notes form part of these financial statements

**Consolidated Cash Flow Statement**  
for the Year Ended 31 May 2019

	Notes	Year Ended 31.5.19 £	Period 17.5.17 to 31.5.18 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,238,743	(2,184,670)
Interest paid		(10,235)	(591)
Tax paid		(66,841)	(178,380)
Net cash from operating activities		<u>1,161,667</u>	<u>(2,363,641)</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(37,008)	(37,561)
Sale of tangible fixed assets		17,630	486,510
Sale of investment property		-	2,200,000
Cash introduced from subsidiary		-	1,988,188
Interest received		562	2,319
Net cash from investing activities		<u>(18,816)</u>	<u>4,639,456</u>
<b>Cash flows from financing activities</b>			
Amount withdrawn by directors		(1,320)	(1,496,683)
Share issue		-	108
Net cash from financing activities		<u>(1,320)</u>	<u>(1,496,575)</u>
<b>Increase in cash and cash equivalents</b>		<u>1,141,531</u>	<u>779,240</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>779,240</u>	-
<b>Cash and cash equivalents at end of year</b>	2	<u><u>1,920,771</u></u>	<u><u>779,240</u></u>

The notes form part of these financial statements

**Notes to the Consolidated Cash Flow Statement**  
for the Year Ended 31 May 2019

**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	Year Ended 31.5.19 £	Period 17.5.17 to 31.5.18 £
Profit before taxation	268,701	420,569
Depreciation charges	91,972	110,363
Profit on disposal of fixed assets	(14,592)	(158,941)
Financial instrument net gains (loss)	(19,000)	24,000
Finance costs	10,235	591
Finance income	(8,562)	(4,319)
	<u>328,754</u>	<u>392,263</u>
Decrease/(increase) in stocks	795,139	(999,796)
Decrease/(increase) in trade and other debtors	585,887	(418,943)
Decrease in trade and other creditors	(471,037)	(1,158,194)
<b>Cash generated from operations</b>	<u><u>1,238,743</u></u>	<u><u>(2,184,670)</u></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 May 2019**

	31.5.19 £	1.6.18 £
Cash and cash equivalents	1,922,502	785,127
Bank overdrafts	(1,731)	(5,887)
	<u><u>1,920,771</u></u>	<u><u>779,240</u></u>

**Period ended 31 May 2018**

	31.5.18 £	17.5.17 £
Cash and cash equivalents	785,127	-
Bank overdrafts	(5,887)	-
	<u><u>779,240</u></u>	<u><u>-</u></u>



Notes to the Consolidated Financial Statements  
for the Year Ended 31 May 2019

1. **STATUTORY INFORMATION**

Centregreat Trade Ltd 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 General Information page.

2. **ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

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" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 May 2019.

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

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 May 2019

2. **ACCOUNTING POLICIES - continued**

**Significant judgements and estimates**

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.

**Key sources of estimation uncertainty**

Accounting estimates and assumptions are made concerning the future and, by their nature will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(i) Depreciation

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the asset.

(ii) Recoverability of debtors

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

(iii) Work in progress

Work in progress is based on judgements made in respect of the profitability of a contract. Such judgements are arrived at through the use of estimates in relation to costs and value of work performed to date.

**Turnover**

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

Street Lighting, the group recognises revenue when:

The amount of revenue can be reliably measured, turnover is only recognised to the extent of recoverable expenses when the outcome of a contract cannot be estimated reliably;  
it is probable that future economic benefits will flow to the entity;  
and specific criteria have been met for each of the company's activities.

Recharges to associates, the group recognises revenue when services are rendered and costs are identified.

Car Park income is recognised when it is received or when the right to receive payment is established.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 33% on cost and 12.5% on cost
Motor vehicles	- 20% on cost

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 May 2019

2. **ACCOUNTING POLICIES - continued**

**Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated 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**

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

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

The group operates a defined benefit pension scheme. The pension asset in the balance sheet represents the value of scheme assets less the present value of scheme liabilities. Actuarial gains/losses are reflected in the statement of recognised gains and losses.

The group also operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

**Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

**Trade debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised at the transaction price. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

**Notes to the Consolidated Financial Statements - continued**  
for the Year Ended 31 May 2019

**2. ACCOUNTING POLICIES - continued**

**Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised at the transaction price.

**3. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	Year Ended 31.5.19 £	Period 17.5.17 to 31.5.18 £
Street Lighting Maintenance	24,552,139	21,302,938
Recharges to Associates	2,233,645	2,970,219
Car Parking	121,793	119,960
	<u>26,907,577</u>	<u>24,393,117</u>

The group's revenue for the year is derived from the rendering of services in the amount of £26,907,577 (2018: £24,393,117).

**4. EMPLOYEES AND DIRECTORS**

	Year Ended 31.5.19 £	Period 17.5.17 to 31.5.18 £
Wages and salaries	7,173,908	6,704,455
Social security costs	681,133	673,531
Other pension costs	456,511	437,597
	<u>8,311,552</u>	<u>7,815,583</u>

The average number of employees during the year was as follows:

	Year Ended 31.5.19	Period 17.5.17 to 31.5.18
Production	162	166
Administration and support	69	62
	<u>231</u>	<u>228</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 May 2019

4. **EMPLOYEES AND DIRECTORS - continued**

	Year Ended 31.5.19 £	Period 17.5.17 to 31.5.18 £
Director's remuneration	<u>391,460</u>	<u>446,760</u>

The number of directors to whom retirement benefits were accruing was as follows:

Defined benefit schemes	<u>2</u>	<u>3</u>
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Information regarding the highest paid director is as follows:

	Year Ended 31.5.19 £	Period 17.5.17 to 31.5.18 £
Emoluments etc	<u>117,000</u>	<u>177,588</u>

5. **OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	Year Ended 31.5.19 £	Period 17.5.17 to 31.5.18 £
Hire of plant and machinery	352,528	451,022
Other operating leases	1,971,031	1,850,173
Depreciation - owned assets	91,972	110,363
Profit on disposal of fixed assets	(14,592)	(158,941)
Auditors' remuneration	<u>16,000</u>	<u>13,500</u>

6. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	Year Ended 31.5.19 £	Period 17.5.17 to 31.5.18 £
Bank interest	8,364	591
Other Interest Payable	1,871	-
	<u>10,235</u>	<u>591</u>

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 May 2019**

**7. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	Year Ended 31.5.19 £	Period 17.5.17 to 31.5.18 £
Current tax:		
UK corporation tax	53,600	68,376
	<u>53,600</u>	<u>68,376</u>
Tax on profit	<u>53,600</u>	<u>68,376</u>

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	Year Ended 31.5.19 £	Period 17.5.17 to 31.5.18 £
Profit before tax	268,701	420,569
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	51,053	79,908
Effects of:		
Expenses not deductible for tax purposes	4,794	11,285
Income not taxable for tax purposes	(4,292)	(30,198)
Depreciation in excess of capital allowances	3,580	5,846
Adjustments to tax charge in respect of previous periods	(1,535)	1,535
Total tax charge	<u>53,600</u>	<u>68,376</u>

**Tax effects relating to effects of other comprehensive income**

	Gross £	31.5.19 Tax £	Net £
Gain/loss on defined benefit pension	(105,000)	-	(105,000)
Surplus/deficit on revaluation	<u>(105,000)</u>	<u>-</u>	<u>(105,000)</u>
		17.5.17 to 31.5.18	
	Gross £	Tax £	Net £
Gain/loss on defined benefit pension	199,000	-	199,000
Surplus/deficit on revaluation	689,621	-	689,621
	<u>888,621</u>	<u>-</u>	<u>888,621</u>

**Notes to the Consolidated Financial Statements - continued**  
for the Year Ended 31 May 2019

**8. INDIVIDUAL INCOME STATEMENT**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

**9. TANGIBLE FIXED ASSETS**

**Group**

	Plant and machinery £	Motor vehicles £	Totals £
<b>COST</b>			
At 1 June 2018	495,176	801,626	1,296,802
Additions	8,758	28,250	37,008
Disposals	(29,245)	(51,250)	(80,495)
At 31 May 2019	<u>474,689</u>	<u>778,626</u>	<u>1,253,315</u>
<b>DEPRECIATION</b>			
At 1 June 2018	429,542	658,400	1,087,942
Charge for year	16,540	75,432	91,972
Eliminated on disposal	(26,907)	(50,550)	(77,457)
At 31 May 2019	<u>419,175</u>	<u>683,282</u>	<u>1,102,457</u>
<b>NET BOOK VALUE</b>			
At 31 May 2019	<u>55,514</u>	<u>95,344</u>	<u>150,858</u>
At 31 May 2018	<u>65,634</u>	<u>143,226</u>	<u>208,860</u>

**10. FIXED ASSET INVESTMENTS**

**Company**

	Shares in group undertakings £
<b>COST</b>	
At 1 June 2018 and 31 May 2019	<u>6,293,665</u>
<b>NET BOOK VALUE</b>	
At 31 May 2019	<u>6,293,665</u>
At 31 May 2018	<u>6,293,665</u>

**Notes to the Consolidated Financial Statements - continued**  
for the Year Ended 31 May 2019

**10. FIXED ASSET INVESTMENTS - continued**

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

**Subsidiary**

**Centregreat Ltd**

Registered office: Parcau Isaf Farm, Laleston, Bridgend CF32 0NB

Nature of business: street lighting maintenance

Class of shares:	% holding	31.5.19	31.5.18
Ordinary	100.00	£	£
Aggregate capital and reserves		6,954,959	6,844,858
Profit for the year/period		215,101	352,193

**11. STOCKS**

	Group	
	31.5.19	31.5.18
	£	£
Stocks	257,231	285,615
Work-in-progress	562,667	1,329,422
	819,898	1,615,037

The cost of stocks recognised as an expense in the year amounted to £7,555,313 (2018: £8,322,841)

**12. DEBTORS**

	Group	
	31.5.19	31.5.18
	£	£
Amounts falling due within one year:		
Trade debtors	4,785,348	5,135,314
Amounts owed by participating interests	529,629	1,073,615
Other debtors	306,344	298,381
	5,621,321	6,507,310
Amounts falling due after more than one year:		
Trade debtors	-	794,663
Amounts owed by participating interests	2,583,531	1,417,770
	2,583,531	2,212,433
Aggregate amounts	8,204,852	8,719,743



Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 May 2019

12. **DEBTORS - continued**

Included in debtors due after more than one year is an amount due from a related company. The company is related as a result of common directorship. The financial position of the related company has been considered to determine the recoverability of the debt. The related company accounts for that year show that the company generated profits in the last year and the directors consider that the company will continue to generate profits for the foreseeable future.

Whilst the company has significant reserves, based on the directors assessment of the future profits they consider that the balance will be recovered over a five year period.

As a result the directors do not consider a provision for the recoverability of the balance to be appropriate.

13. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>	
	31.5.19	31.5.18
	£	£
Bank loans and overdrafts (see note 14)	1,731	5,887
Trade creditors	2,621,955	3,183,657
Amounts owed to participating interests	-	3,171
Tax	55,135	68,376
Social security and other taxes	225,471	191,790
VAT	547,133	302,429
Other creditors	663,601	777,154
Directors' loan accounts	211,017	212,337
	<u>4,326,043</u>	<u>4,744,801</u>

14. **LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>	
	31.5.19	31.5.18
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>1,731</u>	<u>5,887</u>

15. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

<b>Group</b>	Non-cancellable operating leases	
	31.5.19	31.5.18
	£	£
Within one year	24,000	206,000
Between one and five years	978,500	24,000
	<u>1,002,500</u>	<u>230,000</u>

**Notes to the Consolidated Financial Statements - continued**  
for the Year Ended 31 May 2019

**16. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>Group</b>	
	31.5.19	31.5.18
	£	£
Bank overdraft	1,731	-
	<u>1,731</u>	<u>-</u>

Composite Company Unlimited Multilateral Guarantee given by Centregreat Limited and all associated companies.

Fixed Charge over all present freehold and leasehold property; First Fixed Charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and First Floating Charge over all assets and undertaking both present and future.

**17. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.5.19	31.5.18
			£	£
6,910	A shares	0.01	69	69
3,868	B shares	0.01	39	39
			<u>108</u>	<u>108</u>

Each ordinary share has full rights in the company with respect to voting, dividends and distributions.

**18. RESERVES**

**Group**

	Retained earnings £
At 1 June 2018	6,844,858
Profit for the year	215,101
Actuarial Pension (loss)/gain	<u>(105,000)</u>
At 31 May 2019	<u>6,954,959</u>

**Company**

	Retained earnings £
At 1 June 2018	6,293,665
Profit for the year	-
At 31 May 2019	<u>6,293,665</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 May 2019

19. **EMPLOYEE BENEFIT OBLIGATIONS**

The group operates a defined benefit pension scheme. A full valuation by an independent qualified actuary was carried out on 19 June 2019, which set out the pension cost information as at 31 May 2019.

The company contribution rate is 24.7% (2018: 22.5%) of pensionable salary into the scheme.

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	31.5.19	31.5.18
	£	£
Current service cost	195,000	221,000
Net interest from net defined benefit asset/liability	(8,000)	(2,000)
Past service cost	-	-
	<u>187,000</u>	<u>219,000</u>
Actual return on plan assets	<u>190,000</u>	<u>88,000</u>

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

	Defined benefit pension plans	
	31.5.19	31.5.18
	£	£
Opening defined benefit obligation	4,005,000	3,962,000
Current service cost	195,000	221,000
Contributions by scheme participants	4,000	4,000
Interest cost	114,000	105,000
Benefits paid	(42,000)	(69,000)
Remeasurements:		
Actuarial (gains)/losses from changes in demographic assumptions	(118,000)	-
Actuarial (gains)/losses from changes in financial assumptions	246,000	(218,000)
Oblig other remeasurement	45,000	-
	<u>4,449,000</u>	<u>4,005,000</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 May 2019

19. **EMPLOYEE BENEFIT OBLIGATIONS - continued**

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	31.5.19	31.5.18
	£	£
Opening fair value of scheme assets	4,266,000	4,046,000
Contributions by employer	214,000	197,000
Contributions by scheme participants	4,000	4,000
Assets no descr	122,000	107,000
Actuarial gains/(losses)	68,000	(19,000)
Benefits paid	(42,000)	(69,000)
	<u>4,632,000</u>	<u>4,266,000</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	31.5.19	31.5.18
	£	£
Actuarial (gains)/losses from changes in demographic assumptions	118,000	-
Actuarial (gains)/losses from changes in financial assumptions	(246,000)	218,000
Oblig other remeasurement	(45,000)	-
Actuarial gains/(losses)	68,000	(19,000)
	<u>(105,000)</u>	<u>199,000</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	31.5.19	31.5.18
Equities	22.10%	21.30%
Absolute return/ DGF	41.40%	41.00%
Bonds	8.90%	9.30%
Cash	1.80%	2.30%
Derivatives	21.00%	20.90%
Investment Funds	4.80%	5.20%
	<u>100.00%</u>	<u>100.00%</u>

**Notes to the Consolidated Financial Statements - continued**  
for the Year Ended 31 May 2019

**19. EMPLOYEE BENEFIT OBLIGATIONS - continued**

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	31.5.19	31.5.18
Discount rate	2.30%	2.80%
Future salary increases	4.10%	4.30%
Future pension increases	3.00%	3.20%
CARE revaluation	1.70%	1.80%
Deferred revaluation	2.10%	2.30%
Price Inflation (RPI)	3.10%	3.30%
Price Inflation (CPI)	2.10%	2.30%

**Defined contribution scheme**

The group operates a defined contribution scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £242,511 (2018: £240,597).

Contributions totalling £40,545 (2018: £16,048) were payable to the scheme at the end of the year and are included in creditors.

**20. RELATED PARTY DISCLOSURES**

**Entities over which the entity has control, joint control or significant influence**

	31.5.19	31.5.18
	£	£
Sales	4,417,546	6,605,490
Purchases	4,165,685	814,066
Transfers	624,945	195,405
Amount due from related party	3,864,607	3,875,364
Amount due to related party	99,806	15,958

During the year, costs were recharged and services invoiced at market value.

Amounts owed are payable on demand.

**Key management personnel of the entity or its parent (in the aggregate)**

	31.5.19	31.5.18
	£	£
Transfers	1,320	-
Amount due to related party	211,017	212,337

**21. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is J C Mathias.