

ADHESIVE SPECIALITIES LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 MARCH 2020

ADHESIVE SPECIALITIES LIMITED
REGISTERED NUMBER: 00957040

BALANCE SHEET
AS AT 31 MARCH 2020

	Note	2020 £	As restated 2019 £
Fixed assets			
Intangible assets		49,636	43,087
Tangible assets	5	311,354	302,655
		<hr/> 360,990	<hr/> 345,742
Current assets			
Stocks		742,290	618,011
Debtors: amounts falling due within one year	7	2,933,299	3,062,171
Cash at bank and in hand	8	51,377	69,132
		<hr/> 3,726,966	<hr/> 3,749,314
Creditors: amounts falling due within one year	9	(2,116,564)	(2,202,807)
Net current assets		<hr/> 1,610,402	<hr/> 1,546,507
Total assets less current liabilities		<hr/> 1,971,392	<hr/> 1,892,249
Provisions for liabilities			
Deferred tax		(31,933)	(30,110)
Net assets		<hr/> <u>1,939,459</u>	<hr/> <u>1,862,139</u>
Capital and reserves			
Called up share capital		1,200,000	1,200,000
Profit and loss account		739,459	662,139
		<hr/> <u>1,939,459</u>	<hr/> <u>1,862,139</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

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Mr A Nicholson
Director

Date: 23 September 2020

The notes on pages 2 to 11 form part of these financial statements.

ADHESIVE SPECIALITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. General information

Adhesive Specialities Limited is a private company limited by share capital and incorporated in England and Wales. The address of the registered office and principal place of business is Tickitape House, 31 Bone Lane, Newbury, Berkshire RG14 SSH.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

Whilst the company has remained profitable during the year and has net assets at the year end the Covid-19 pandemic has presented significant challenges to business. Post year end the directors have taken action, including the draw down of a loan under the CBILS scheme, in order to ensure that the company can continue to trade as a going concern for the foreseeable future. The directors have also prepared budgets and cash flow forecasts which demonstrate that the company has sufficient working capital in order to continue to trade for a period of at least 12 months from the date of approval of these financial statements. The company is subject to certain financial covenants in respect of its bank borrowings and the forecasts prepared continue to show the company trading within the requirements of these covenants. Based upon this information the directors believe that it is appropriate for the financial statements to be prepared on a going concern basis.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.4 Intangible assets

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

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

The estimated useful lives range as follows:

Computer software	-	5	years
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2.5 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	-	10% - 20%
Motor vehicles	-	25%
Fixtures and fittings	-	10%
Computer equipment	-	20%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.6 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 April 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is 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.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

2.11 Creditors

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

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.14 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.16 Provisions for liabilities

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Employees

The average monthly number of employees, including directors, during the year was 37 (2019 - 41).

ADHESIVE SPECIALITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

4. Intangible assets

	Computer software £
Cost	
Prior Year Adjustment	43,087
At 1 April 2019 (as restated)	43,087
Additions	15,308
At 31 March 2020	58,395
Amortisation	
Charge for the year on owned assets	8,759
At 31 March 2020	8,759
Net book value	
At 31 March 2020	49,636
At 31 March 2019 (as restated)	43,087

ADHESIVE SPECIALITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

5. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 April 2019 (as previously stated)	881,281	211,174	215,873	317,667	1,625,995
Prior Year Adjustment	-	-	-	(43,087)	(43,087)
At 1 April 2019 (as restated)	881,281	211,174	215,873	274,580	1,582,908
Additions	882	5,445	56,605	5,678	68,610
Disposals	-	-	(29,083)	(141,458)	(170,541)
At 31 March 2020	882,163	216,619	243,395	138,800	1,480,977
Depreciation					
At 1 April 2019	695,676	156,167	164,726	263,685	1,280,254
Charge for the year on owned assets	7,509	39,203	10,228	2,970	59,910
Disposals	-	-	(29,083)	(141,458)	(170,541)
At 31 March 2020	703,185	195,370	145,871	125,197	1,169,623
Net book value					
At 31 March 2020	178,978	21,249	97,524	13,603	311,354
At 31 March 2019 (as restated)	185,605	55,007	51,147	10,895	302,654

6. Stocks

	2020 £	2019 £
Raw materials	246,783	210,102
Work in progress	29,301	70,384
Finished goods	466,206	337,525
	<u>742,290</u>	<u>618,011</u>

ADHESIVE SPECIALITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

7. Debtors

	2020 £	As restated 2019 £
Trade debtors	934,802	1,082,211
Amounts owed by group undertakings	1,977,730	1,926,738
Prepayments and accrued income	20,767	53,222
	<u>2,933,299</u>	<u>3,062,171</u>

Included within debtors are amounts of £1,977,730 (2019: £1,926,738) which are due from the parent company. Whilst these amounts are repayable on demand the directors do not consider the amounts to be recoverable in the immediate short term and that the balances will be repaid over a number of years. The directors believe that in the long term the balance is recoverable in full and therefore no provision has been made against these amounts owed by the parent company.

8. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	51,377	69,132
Less: bank overdrafts	<u>(40,170)</u>	<u>-</u>

9. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank overdrafts	40,170	-
Trade creditors	970,815	1,028,058
Corporation tax	13,425	5,220
Other taxation and social security	54,442	85,273
Other creditors	858,148	942,532
Accruals and deferred income	179,564	141,724
	<u>2,116,564</u>	<u>2,202,807</u>

Included within other creditors is an amount of £850,937 (2019: £935,576) relating to the invoice discounting facility for trade debts. The facility agreement is secured by a fixed charge over the book debts and a floating charge over the assets and undertakings of the company.

ADHESIVE SPECIALITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

10. Deferred taxation

	2020 £	2019 £
At beginning of year	(30,110)	(21,019)
Charged to profit or loss	(1,823)	(9,091)
At end of year	(31,933)	(30,110)

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(34,540)	(31,566)
Short term timing differences	2,607	1,456
	(31,933)	(30,110)

11. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
1,200,000 (2019 - 1,200,000) Ordinary shares shares of £1.00 each	1,200,000	1,200,000

12. Prior year adjustment

A prior year adjustment has been made to correctly account for items of stock that were prepaid in the prior year. This resulted in an increase in cost of sales and a decrease in prepayments of £37,500 in the prior year. The impact on opening reserves is £37,500 as a result of this adjustment.

A further prior year adjustment was made in respect of capitalised software costs. These had previously been classified as Computer Equipment in tangible fixed assets, and have been reclassified to Computer Software in intangible assets.

The effect of the restatement is a movement of £43,087 of cost from computer equipment to computer software. There was no accumulated depreciation at the previous year end because the assets were not in , therefore there was no movement of depreciation or amortisation.

The overall impact on net book value and profit is £nil.

13. Related party transactions

Transactions with the parent company have not been disclosed. This is because the company has taken advantage of the exemption available under FRS 102 paragraph 33.5 in respect of 100% owned subsidiaries.

ADHESIVE SPECIALITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

14. Post balance sheet events

Post year end the company drew down on a CBILS loan for a total of £400,000. As part of this refinancing the company repaid an existing term loan of £132,000 and as a result the net increase in bank borrowings was £268,000. The bank loan is repayable over a period of 24 months and interest is charged at LIBOR plus 2.5%.

15. Controlling party

The ultimate parent company at the balance sheet date is AS (Tapes) Limited.

The parent of the smallest and largest group for which group accounts including Adhesive Specialities Limited are drawn up is AS Tapes Limited. Copies of these accounts may be obtained from the registered office.

16. Auditor's information

The auditor's report on the financial statements for the year ended 31 March 2020 was unqualified.

The audit report was signed on 29 September 2020 by Jonathan Baillie BA (Hons) FCCA ACA (Senior Statutory Auditor) on behalf of James Cowper Kreston.

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.