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Registered number: 05758693

CORNELIUS SPECIALTIES LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2019

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CORNELIUS SPECIALTIES LTD

COMPANY INFORMATION

Directors	N D Prior D Spiby
Company secretary	P T Gibbons
Registered number	05758693
Registered office	15C Rookwood Way Haverhill Suffolk CB9 8PB
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Priory Place New London Road Chelmsford Essex CM2 0PP

CORNELIUS SPECIALTIES LTD

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CORNELIUS SPECIALTIES LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2019

The directors present their report and the financial statements for the year ended 31 January 2019.

Directors

The directors who served during the year were:

J M Bilney (resigned 4 January 2019)
N D Prior
D Spiby

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and 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 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 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Post balance sheet events

There have been no significant events affecting the company since the year end.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

CORNELIUS SPECIALTIES LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2019**

Auditor

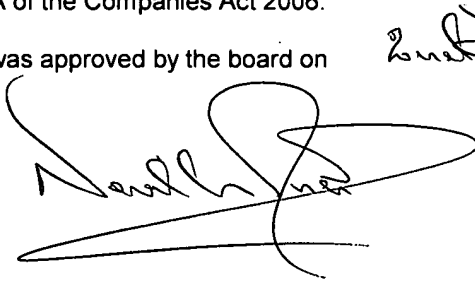
The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on *2nd July 2019* and signed on its behalf.

N D Prior
Director



A large, stylized handwritten signature in black ink, likely belonging to N D Prior, is written over the text of the signature line.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORNELIUS SPECIALTIES LTD

Opinion

We have audited the financial statements of Cornelius Specialties Ltd (the 'company') for the year ended 31 January 2019, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORNELIUS SPECIALTIES LTD
(CONTINUED)**

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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 Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report or in preparing the Directors' report.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORNELIUS SPECIALTIES LTD
(CONTINUED)**

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 1, 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.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Graham Mummery
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Chelmsford

Date:



CORNELIUS SPECIALTIES LTD

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JANUARY 2019**

	Note	2019 £	2018 £
Turnover	4	3,786,305	3,556,213
Cost of sales		(1,574,016)	(1,449,557)
Gross profit		2,212,289	2,106,656
Distribution costs		(64,203)	(55,275)
Administrative expenses		(2,105,108)	(1,787,280)
Other operating income	5	87,667	28,855
Operating profit	6	130,645	292,956
Interest receivable and similar income		224	-
Interest payable and expenses	10	(10,013)	(19,101)
Profit before tax		120,856	273,855
Tax on profit	11	53,129	(11,276)
Profit for the financial year		173,985	262,579

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2019 (2018: £Nil).

The notes on pages 10 to 25 form part of these financial statements.

CORNELIUS SPECIALTIES LTD
REGISTERED NUMBER:05758693

STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	12	216,407	156,382
Tangible assets	13	536,052	568,659
		<u>752,459</u>	<u>725,041</u>
Current assets			
Stocks	14	1,051,057	985,994
Debtors: amounts falling due within one year	15	917,994	788,116
Cash at bank and in hand	16	-	4,136
		<u>1,969,051</u>	<u>1,778,246</u>
Creditors: amounts falling due within one year	17	(1,482,886)	(1,288,709)
Net current assets		<u>486,165</u>	<u>489,537</u>
Total assets less current liabilities		<u>1,238,624</u>	<u>1,214,578</u>
Provisions for liabilities			
Deferred tax	18	(23,686)	(33,625)
		<u>(23,686)</u>	<u>(33,625)</u>
Net assets		<u><u>1,214,938</u></u>	<u><u>1,180,953</u></u>
Capital and reserves			
Called up share capital	19	117,648	117,648
Share premium account	20	80,947	80,947
Profit and loss account	20	1,016,343	982,358
		<u>1,214,938</u>	<u>1,180,953</u>

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

N D Prior
Director

The notes on pages 10 to 25 form part of these financial statements.

CORNELIUS SPECIALTIES LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2019**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 February 2018	117,648	80,947	982,358	1,180,953
Comprehensive income for the year				
Profit for the year	-	-	173,985	173,985
Total comprehensive income for the year	-	-	173,985	173,985
Dividend Paid	-	-	(140,000)	(140,000)
Total transactions with owners	-	-	(140,000)	(140,000)
At 31 January 2019	117,648	80,947	1,016,343	1,214,938

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2018**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 February 2017	117,648	80,947	971,546	1,170,141
Comprehensive income for the year				
Profit for the year	-	-	262,579	262,579
Total comprehensive income for the year	-	-	262,579	262,579
Dividends: Equity capital	-	-	(251,767)	(251,767)
Total transactions with owners	-	-	(251,767)	(251,767)
At 31 January 2018	117,648	80,947	982,358	1,180,953

The notes on pages 10 to 25 form part of these financial statements.

CORNELIUS SPECIALTIES LTD

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2019**

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	173,985	262,579
Adjustments for:		
Amortisation of intangible assets	63,959	75,021
Depreciation of tangible assets	123,814	123,582
Interest paid	10,013	19,101
Interest received	(224)	-
Taxation charge	(53,129)	11,276
(Increase) in stocks	(65,063)	(100,726)
(Increase) in debtors	(163,849)	(195,748)
Increase in creditors	225,892	635,378
Corporation tax (paid)/received	(43,190)	-
Net cash generated from operating activities	272,208	830,463
Cash flows from investing activities		
Purchase of intangible fixed assets	(123,984)	(231,403)
Purchase of tangible fixed assets	(91,206)	(147,239)
Interest received	224	-
Net cash from investing activities	(214,966)	(378,642)
Cash flows from financing activities		
Dividends paid	(140,000)	(251,767)
Interest paid	(10,013)	(19,101)
Net cash used in financing activities	(150,013)	(270,868)
Net (decrease)/increase in cash and cash equivalents	(92,771)	180,953
Cash and cash equivalents at beginning of year	(217,107)	(398,060)
Cash and cash equivalents at the end of year	(309,878)	(217,107)
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	-	4,136
Bank overdrafts	(309,878)	(221,243)
	(309,878)	(217,107)

The notes on pages 10 to 25 form part of these financial statements.

CORNELIUS SPECIALTIES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

1. General information

Cornelius Specialties Ltd is a private company limited by shares and incorporated in England and Wales. The registered office address is 15c Rookwood Way, Haverhill, Suffolk, CB9 8PB.

The company's principal activity is the supply and distribution of chemical products.

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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

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

This information is included in the consolidated financial statements of Cornelius Group plc as at 31 January 2019 and these financial statements may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

CORNELIUS SPECIALTIES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

2. Accounting policies (continued)

2.3 Turnover

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.

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:

Development expenditure	-	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.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

CORNELIUS SPECIALTIES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Leasehold Property	- period of lease
Plant & machinery	- over three to fifteen years
Office equipment	- over three years

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 the Statement of comprehensive income.

2.6 Operating leases

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

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 reporting 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.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

CORNELIUS SPECIALTIES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

2. Accounting policies (continued)

2.10 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments, like loans and other accounts receivable and payable, are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payment discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

CORNELIUS SPECIALTIES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

2. Accounting policies (continued)

2.13 Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 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.

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 payments obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.16 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.17 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

2.18 Provisions for liabilities

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

Provisions are charged as an expense to the statement of comprehensive income account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position 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 Statement of financial position.

CORNELIUS SPECIALTIES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

2. Accounting policies (continued)

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a change 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 Statement of financial position 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 Statement of financial position 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 Statement of financial position date.

2.20 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

CORNELIUS SPECIALTIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2019**

3. Judgements in applying accounting policies 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 for assets and liabilities, as at the Statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following item is the key judgement that has had the most significant effect on amounts recognised in the financial statements.

Stock provisions

The Group makes a provision against slow moving stock to reduce the value of stock to its net realisable value. Provisions are based on expiry dates of products and the likelihood of sale of goods before their expiry date and are therefore subject to estimates and judgements made by management.

4. Turnover

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

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	2,421,717	2,145,302
Rest of the world	1,364,588	1,410,911
	<u>3,786,305</u>	<u>3,556,213</u>

5. Other operating income

	2019 £	2018 £
Government grants receivable	<u>87,667</u>	<u>28,855</u>

6. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Research and development	55,904	56,255
Depreciation of tangible fixed assets	123,813	123,582
Amortisation of intangible fixed assets	63,959	75,021
Other operating lease rentals	<u>147,754</u>	<u>117,086</u>

CORNELIUS SPECIALTIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2019**

7. Auditor's remuneration

	2019	2018
	£	£
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	8,885	8,625

8. Employees

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

	2019	2018
	£	£
Wages and salaries	1,084,196	957,139
Social security costs	102,670	83,633
Cost of defined contribution scheme	46,341	39,945
	1,233,207	1,080,717

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

	2019	2018
	No.	No.
Production	20	15
Administration	2	2
Research and development	10	6
Sales	1	2
Distribution	1	1
	34	26

CORNELIUS SPECIALTIES LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2019

9. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	230,059	214,329
Company contributions to defined contribution pension schemes	19,484	18,246
Compensation for loss of office	41,025	-
	<u>290,568</u>	<u>232,575</u>

During the year retirement benefits were accruing to 1 director (2018 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £171,084 (2018 - £145,738).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £19,484 (2018 - £9,340).

Additional settlement costs in respect of the exiting director have been borne by Cornelius Group plc.

10. Interest payable

	2019 £	2018 £
Bank interest payable	9,988	7,527
Other interest payable	25	11,574
	<u>10,013</u>	<u>19,101</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2019**

11. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	-	48,643
Adjustments in respect of previous periods	(43,190)	(17,477)
Total current tax	<u>(43,190)</u>	<u>31,166</u>
Deferred tax		
Origination and reversal of timing differences	20,298	7,090
Adjustments in respect of previous periods	(30,237)	(26,980)
Total deferred tax	<u>(9,939)</u>	<u>(19,890)</u>
Taxation on profit on ordinary activities	<u>(53,129)</u>	<u>11,276</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19.16%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>120,856</u>	<u>273,855</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19.16%)	22,963	52,648
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	799	270
Capital allowances for year in excess of depreciation	2,916	3,717
Adjustments to tax charge in respect of prior periods	(73,427)	(44,457)
Adjust deferred tax to closing tax rate	(6,380)	(902)
Total tax charge for the year	<u>(53,129)</u>	<u>11,276</u>

CORNELIUS SPECIALTIES LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2019

12. Intangible assets

	Distribution rights £
Cost	
At 1 February 2018	231,403
Additions	123,984
At 31 January 2019	<u>355,387</u>
Amortisation	
At 1 February 2018	75,021
Charge for the year	63,959
At 31 January 2019	<u>138,980</u>
Net book value	
At 31 January 2019	<u>216,407</u>
At 31 January 2018	<u>156,382</u>

CORNELIUS SPECIALTIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
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13. Tangible fixed assets

	Leasehold property £	Plant & machinery £	Office equipment £	Total £
Cost or valuation				
At 1 February 2018	111,934	1,596,340	56,318	1,764,592
Additions	-	88,855	2,351	91,206
At 31 January 2019	<u>111,934</u>	<u>1,685,195</u>	<u>58,669</u>	<u>1,855,798</u>
Depreciation				
At 1 February 2018	22,076	1,124,561	49,296	1,195,933
Charge for the year on owned assets	11,232	107,597	4,984	123,813
At 31 January 2019	<u>33,308</u>	<u>1,232,158</u>	<u>54,280</u>	<u>1,319,746</u>
Net book value				
At 31 January 2019	<u>78,626</u>	<u>453,037</u>	<u>4,389</u>	<u>536,052</u>
At 31 January 2018	<u>89,858</u>	<u>471,779</u>	<u>7,022</u>	<u>568,659</u>

The net book value of land and buildings may be further analysed as follows:

	2019 £	2018 £
Leasehold Property	78,626	89,858
	<u>78,626</u>	<u>89,858</u>

CORNELIUS SPECIALTIES LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2019

14. Stocks

	2019 £	2018 £
Work in progress (goods to be sold)	108,331	151,327
Finished goods and goods for resale	942,726	834,667
	<u>1,051,057</u>	<u>985,994</u>

Stock recognised in cost of sales during the year as an expense was £1,217,457 (2018: £1,018,144).

An impairment gain of £39,998 (2018: loss of £9,279) was recognised in cost of sales against stock during the year due to movements in provisions against slow-moving and obsolete stock.

15. Debtors

	2019 £	2018 £
Trade debtors	803,251	698,455
Other debtors	33,972	19,806
Prepayments and accrued income	37,581	69,855
Tax recoverable	43,190	-
	<u>917,994</u>	<u>788,116</u>

16. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	-	4,136
Less: bank overdrafts	(309,878)	(221,243)
	<u>(309,878)</u>	<u>(217,107)</u>

CORNELIUS SPECIALTIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
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17. Creditors: Amounts falling due within one year

	2019	2018
	£	£
Bank overdrafts	309,878	221,243
Trade creditors	163,570	161,936
Amounts owed to group undertakings	626,961	654,390
Corporation tax	-	48,643
Other taxation and social security	76,657	23,214
Accruals and deferred income	305,820	179,283
	<u>1,482,886</u>	<u>1,288,709</u>

Bank overdrafts are secured against the assets of the company.

18. Deferred taxation

	2019
	£
At beginning of year	(33,625)
Charged to the profit or loss	9,939
At end of year	<u>(23,686)</u>

The provision for deferred taxation is made up as follows:

	2019	2018
	£	£
Accelerated capital allowances	<u>23,686</u>	<u>33,625</u>

CORNELIUS SPECIALTIES LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2019

19. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
117,648 Ordinary shares of £1 each	117,648	117,648

Share capital represents the nominal value of shares that have been issued. The shares carry voting rights and an entitlement to dividends.

20. Reserves

Share premium account

The share premium account represents amounts paid for share capital in excess of their nominal value.

Profit & loss account

The profit and loss reserve represents retained profit from the current and prior years.

21. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amount to £46,341 (2018: £39,945).

22. Commitments under operating leases

At 31 January 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	161,866	144,366
Later than 1 year and not later than 5 years	541,296	527,462
Later than 5 years	451,640	571,418
	1,154,802	1,243,246

CORNELIUS SPECIALTIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
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23. Related party transactions

During the year the company paid a management charge of £50,000 (2018: £50,000) to Cornelius Group Plc and made purchases of £106,942 (2018: £68,882) from Cornelius Group Plc.

At 31 January 2019 the company owed £592,452 to Cornelius Group Plc (2018: £603,773) in relation to an intercompany loan and £34,509 to Cornelius Group Plc (2018: £50,617) in relation to purchases made during the year.

During the year, the company paid dividends to directors of £21,000 (2018: £37,765),

24. Ultimate parent undertaking and controlling party

The ultimate parent undertaking of this company is Cornelius Group Plc by virtue of its 85% holding in Cornelius Specialties Ltd.

The smallest and largest group of undertakings for which group accounts have been drawn up is that headed by Cornelius Group Plc. Copies of the group accounts can be obtained at Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.