

Registered number: 05758693

CORNELIUS SPECIALTIES LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020



CORNELIUS SPECIALTIES LTD

COMPANY INFORMATION

Directors	Dr 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 2020**

The directors present their report and the financial statements for the year ended 31 January 2020.

Directors

The directors who served during the year and to the date of this report were:

Dr 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Qualifying third party indemnity provisions

The company has maintained directors' and officers' liability insurance in respect of its directors throughout the year and to date.

Post balance sheet events

In March 2020, the UK Government announced a nation-wide lockdown on society in response to the developing Covid-19 pandemic. Whilst the company is already managing its cash position and liquid resources on a daily basis, the company extended its view forward 8 weeks to ensure that it has access to sufficient liquidity from its trading operations. During early April 2020, the company took advantage of the Government's Furlough scheme for the UK and worked closely with its banking partners to ensure access to further short term cash resources, if required.

CORNELIUS SPECIALTIES LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2020**

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.

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

2/7/2020

and signed on its behalf.


Director



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 2020, which comprise the Statement of comprehensive income, the Statement of financial position, 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 2020 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.



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

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.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in the auditor's report is not a guarantee that the company will continue in operation.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' report and financial statements, 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.



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

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; or
- 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.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out 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



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

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.

Grant Thornton UK LLP

Adam Smith BA(Hons) BFP FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Chelmsford
Date: 5/7/2020

CORNELIUS SPECIALTIES LTD

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JANUARY 2020**

	Notes	2020 £	2019 £
Turnover	4	4,740,814	3,786,305
Cost of sales		(2,269,841)	(1,819,345)
Gross profit		2,470,973	1,966,960
Distribution costs		(51,619)	(64,203)
Administrative expenses		(1,682,326)	(1,859,779)
Other operating (charges)/income	5	(64,511)	87,667
Operating profit	6	672,517	130,645
Interest receivable and similar income		-	224
Interest payable and expenses	10	(3,916)	(10,013)
Profit before tax		668,601	120,856
Tax on profit	11	(9,187)	53,129
Profit for the financial year		659,414	173,985

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2020 (2019: £Nil).

The notes on pages 10 to 26 form part of these financial statements.

CORNELIUS SPECIALTIES LTD
REGISTERED NUMBER:05758693

STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2020

	Notes	2020 £	2019 £
Fixed assets			
Intangible assets	13	185,718	216,407
Tangible assets	14	738,919	536,052
		<u>924,637</u>	<u>752,459</u>
Current assets			
Stocks	15	996,965	1,051,057
Debtors: amounts falling due within one year	16	883,493	917,994
Cash at bank and in hand	17	156,796	-
		<u>2,037,254</u>	<u>1,969,051</u>
Creditors: amounts falling due within one year	18	(1,003,114)	(1,482,886)
Net current assets		<u>1,034,140</u>	<u>486,165</u>
Total assets less current liabilities		<u>1,958,777</u>	<u>1,238,624</u>
Provision for liabilities			
Deferred tax	20	(84,425)	(23,686)
		<u>(84,425)</u>	<u>(23,686)</u>
Net assets		<u><u>1,874,352</u></u>	<u><u>1,214,938</u></u>
Capital and reserves			
Called up share capital	21	117,648	117,648
Share premium account	22	80,947	80,947
Profit and loss account	22	1,675,757	1,016,343
		<u>1,874,352</u>	<u>1,214,938</u>

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


Dr N D Prior
 Director

21/1/2020

The notes on pages 10 to 26 form part of these financial statements.

CORNELIUS SPECIALTIES LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2020**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 February 2019	117,648	80,947	1,016,343	1,214,938
Comprehensive income for the year				
Profit for the year	-	-	659,414	659,414
Total comprehensive income for the year	-	-	659,414	659,414
At 31 January 2020	117,648	80,947	1,675,757	1,874,352

**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
Dividends 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

The notes on pages 10 to 26 form part of these financial statements.

CORNELIUS SPECIALTIES LTD

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

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 company has adopted the Amendments to FRS 102 "Triennial review 2017" in these financial statements.

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 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 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 2020 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 2020**

2. Accounting policies (continued)

2.3 Going concern

In March 2020, the UK economy experienced a slowdown in activity due to the effects of a national lockdown in response to the COVID19 pandemic. This followed and preceded slowdowns in many markets around the world, included those the group do business in.

The company executes a number of future focussed financial planning cycles. Each year a multi-year strategic review is held, this supports the annual budgeting exercise. These two processes are supplemented with a regular update on the out turn for the year (current year forecast) and, newly introduced at the beginning of the Covid-19 pandemic, a detailed rolling 8 week cash available forecast. This data covers a full review of P&L statement, balance sheet and cash flow for the company.

The management team and the Board review this data on a regular basis and take appropriate actions to ensure the operations of the company can continue without interruption. Examples of actions taken in the past include ; developing new income streams, reducing controllable costs and seeking additional liquidity from banking partners. Based on this information and the supporting action plans, the Directors have a reasonable expectation that the company will continue to operate in its current form for the foreseeable future.

Therefore, the company continues to adopt the going concern basis in preparing its financial statements.

2.4 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.

The criteria above are typically met upon final delivery to the customer.

CORNELIUS SPECIALTIES LTD

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

2. Accounting policies (continued)

2.5 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.

Intangible assets are amortised using the reducing balance method.

Amortisation is provided on the following bases:

Distribution rights	20 - 25 %
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2.6 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 tangible 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.

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	- over 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.

2.7 Operating leases

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

CORNELIUS SPECIALTIES LTD

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

2. Accounting policies (continued)

2.8 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.

2.9 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.

2.10 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.

2.11 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 Statement of comprehensive income.

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.

CORNELIUS SPECIALTIES LTD

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

2. Accounting policies (continued)

2.11 Financial instruments (continued)

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.

2.12 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.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

CORNELIUS SPECIALTIES LTD

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

2. Accounting policies (continued)

2.17 Interest income

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

2.18 Borrowing costs

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

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.

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 2020**

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 company 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:

	2020 £	2019 £
United Kingdom	2,458,487	2,431,580
Rest of Europe	1,107,795	67,200
Rest of the world	1,174,532	1,287,525
	<u>4,740,814</u>	<u>3,786,305</u>

5. Other operating (charges)/income

	2020 £	2019 £
Government grants	<u>(64,511)</u>	<u>87,667</u>

In 2019, the company applied and received a government grant amounting to £87,667. Due to administrative shortcomings, an agreement was made to repay a substantial part of the grant during 2020.

CORNELIUS SPECIALTIES LTD

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

6. Operating profit

The operating profit is stated after charging:

	2020	2019
	£	£
Research and development	13,728	55,904
Depreciation of tangible fixed assets	134,137	123,813
Amortisation of intangible fixed assets	71,743	63,959
Other operating lease rentals	148,386	147,754
	<u>148,386</u>	<u>147,754</u>

7. Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor for the audit of the company's annual financial statements	9,750	8,885
	<u>9,750</u>	<u>8,885</u>

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

CORNELIUS SPECIALTIES LTD

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

8. Employees

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

	2020	2019
	£	£
Wages and salaries	740,536	1,084,196
Social security costs	75,761	102,670
Cost of defined contribution scheme	30,262	46,341
	846,559	1,233,207

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

	2020	2019
	No.	No.
Production	20	20
Administration	3	2
Research and development	-	10
Sales	-	1
Distribution	1	1
	24	34

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**NOTES TO THE FINANCIAL STATEMENTS
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9. Directors' remuneration

	2020	2019
	£	£
Directors' emoluments	-	230,059
Company contributions to defined contribution pension schemes	-	19,484
Compensation for loss of office	-	41,025
	<u>-</u>	<u>290,568</u>

During the year retirement benefits were accruing to none of the directors (2019 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £Nil (2019: £171,084).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2019 - £19,484).

The company also pays a management charge to its ultimate parent undertaking, Cornelius Group Plc, which also includes remuneration for qualifying services for the directors. The management charge for the year amounted to £217,596 (2019: £50,000).

10. Interest payable

	2020	2019
	£	£
Bank interest payable	3,916	9,988
Other interest payable	-	25
	<u>3,916</u>	<u>10,013</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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11. Taxation

	2020 £	2019 £
Corporation tax		
Adjustments in respect of previous years	(51,552)	(43,190)
Total current tax	<u>(51,552)</u>	<u>(43,190)</u>
Deferred tax		
Origination and reversal of timing differences	77,823	20,298
Adjustments in respect of previous years	(17,084)	(30,237)
Total deferred tax	<u>60,739</u>	<u>(9,939)</u>
Taxation on profit on ordinary activities	<u>9,187</u>	<u>(53,129)</u>

Factors affecting tax charge/(credit) for the year

The tax assessed for the year is lower than (2019 - *lower than*) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>668,601</u>	<u>120,856</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	127,034	22,963
Effects of:		
Expenses not deductible for tax purposes	2,997	3,715
Adjustments to tax charge in respect of prior years	(68,636)	(73,427)
Adjust deferred tax to average tax rate	(9,155)	(6,380)
Group relief claimed	(43,053)	-
Total tax charge/(credit) for the year	<u>9,187</u>	<u>(53,129)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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12. Dividends

	2020	2019
	£	£
Interim dividend paid	<u>–</u>	<u>140,000</u>

13. Intangible assets

	Distribution rights £
Cost	
At 1 February 2019	355,387
Additions	41,054
At 31 January 2020	<u>396,441</u>
Amortisation	
At 1 February 2019	138,980
Charge for the year	71,743
At 31 January 2020	<u>210,723</u>
Net book value	
At 31 January 2020	<u>185,718</u>
At 31 January 2019	<u>216,407</u>

Amortisation on intangible assets is charged to administrative expenses.

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

	Leasehold property improvements £	Plant & machinery £	Office equipment £	Total £
Cost or valuation				
At 1 February 2019	111,934	1,685,195	58,669	1,855,798
Additions	71,514	265,490	-	337,004
At 31 January 2020	183,448	1,950,685	58,669	2,192,802
Depreciation				
At 1 February 2019	33,308	1,232,158	54,280	1,319,746
Charge for the year on owned assets	21,449	109,083	3,605	134,137
At 31 January 2020	54,757	1,341,241	57,885	1,453,883
Net book value				
At 31 January 2020	128,691	609,444	784	738,919
At 31 January 2019	78,626	453,037	4,389	536,052

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

	2020 £	2019 £
Short leasehold property improvements	128,691	78,626

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**NOTES TO THE FINANCIAL STATEMENTS
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15. Stocks

	2020 £	2019 £
Work in progress (goods to be sold)	385,838	476,080
Finished goods and goods for resale	611,127	574,977
	<u>996,965</u>	<u>1,051,057</u>

Stock recognised in cost of sales during the year as an expense was £1,492,285 (2019: £1,217,457).

An impairment loss of £10,797 (2019: gain of £39,998) was recognised in cost of sales against stock during the year due to movements in provisions against slow-moving and obsolete stock.

16. Debtors

	2020 £	2019 £
Trade debtors	770,660	803,251
Other debtors	29,243	33,972
Prepayments and accrued income	32,133	37,581
Tax recoverable	51,457	43,190
	<u>883,493</u>	<u>917,994</u>

17. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	156,796	-
Less: bank overdrafts	(184,489)	(309,878)
	<u>(27,693)</u>	<u>(309,878)</u>

CORNELIUS SPECIALTIES LTD

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

	2020 £	2019 £
Bank overdrafts	184,489	309,878
Trade creditors	178,820	163,570
Amounts owed to group undertakings	310,957	626,961
Other taxation and social security	17,826	76,657
Accruals and deferred income	311,022	305,820
	<u>1,003,114</u>	<u>1,482,886</u>

Bank facilities are secured by way of a fixed and floating charge over all assets of the group headed by Cornelius Group Plc, of which the company is a subsidiary undertaking.

19. Financial commitments

A cross guarantee agreement has been entered into with the bankers, HSBC Bank Plc, whereby all positive balances that exist within the group headed by Cornelius Group Plc may be called upon to secure or repay any net bank indebtedness. At 31 January 2020, the group had net debt of £5,152,831 (2019: £4,451,203).

20. Deferred taxation

	2020 £
At beginning of year	(23,686)
Charged to the profit or loss	(60,739)
At end of year	<u>(84,425)</u>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	<u>84,425</u>	<u>23,686</u>

CORNELIUS SPECIALTIES LTD

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

21. Share capital

	2020 £	2019 £
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.

22. 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 less dividend paid.

23. 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 £30,262 (2019: £46,341). Contributions totalling £4,134 (2019: £8,236) were payable to the scheme at the year end and is included in creditors.

24. Commitments under operating leases

At 31 January 2020 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	120,305	134,888
Later than 1 year and not later than 5 years	439,552	451,080
Later than 5 years	256,405	376,366
	816,262	962,334

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25. Related party transactions

During the year the company paid a management charge of £217,596 (2019: £50,000) to Cornelius Group Plc and made purchases of £nil (2019: £106,942) from Cornelius Group Plc. The company also made sales to Cornelius Group Plc during the year of £37,185 (2019: £Nil).

At 31 January 2020 the company owed £256,409 to Cornelius Group Plc (2019: £592,452) in relation to an intercompany loan and £32,788 to Cornelius Group Plc (2019: £34,509) in relation to purchases made during the year.

During the year, the company paid dividends to directors who were shareholders of £Nil (2019: £21,000).

26. Post balance sheet events

In March 2020, the UK Government announced a nation-wide lockdown on society in response to the developing Covid-19 pandemic. Whilst the company is already managing its cash position and liquid resources on a daily basis, the company extended its view forward 8 weeks to ensure that it has access to sufficient liquidity from its trading operations. During early April 2020, the company took advantage of the Government's Furlough scheme for the UK and worked closely with its banking partners to ensure access to further short term cash resources, if required.

27. Ultimate parent undertaking and controlling party

The ultimate parent undertaking of this company is Cornelius Group Plc by virtue of its 100% shareholding in Cornelius Specialties Ltd. During the year, Cornelius Group Plc increased its shareholding to 100% by purchasing the remaining shares.

The smallest and largest group which includes the results of the company is headed by Cornelius Group Plc. Copies of these consolidated financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.