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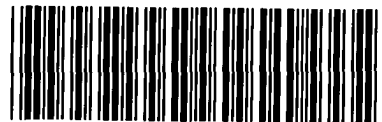
Registered number: 05758693

**CORNELIUS SPECIALTIES LTD**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JANUARY 2018**

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**CORNELIUS SPECIALTIES LTD**

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**COMPANY INFORMATION**

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<b>Directors</b>	J M Bilney N D Prior D Spiby (appointed 15 February 2017)
<b>Company secretary</b>	P T Gibbons (appointed 18 December 2017)
<b>Registered number</b>	05758693
<b>Registered office</b>	15C Rookwood Way Haverhill Suffolk CB9 8PB
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Priory Place New London Road Chelmsford Essex CM2 0PP

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**CORNELIUS SPECIALTIES LTD**

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## **CORNELIUS SPECIALTIES LTD**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2018**

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The directors present their report and the financial statements for the year ended 31 January 2018.

#### **Directors**

The directors who served during the year were:

J M Bilney  
N D Prior  
D Spiby (appointed 15 February 2017)

#### **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 of the company and of the 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.

#### **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.

#### **Post balance sheet events**

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

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**CORNELIUS SPECIALTIES LTD**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 JANUARY 2018**

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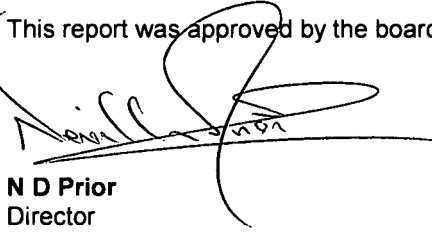
**Auditor**

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

This report was approved by the board on

18/6/2018

and signed on its behalf.



**N D Prior**  
Director



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

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### **Opinion**

We have audited the financial statements of Cornelius Specialties Ltd for the year ended 31 January 2018, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes, 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 2018 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

### **Who we are reporting to**

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.

### **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)**

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**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.

**Opinion 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 by 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 Director's report.



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

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**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.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's report.

*Grant Thornton UK LLP*

Graham Mummery (Senior statutory auditor)

for and on behalf of

**Grant Thornton UK LLP**

Chartered Accountants

Statutory Auditor

Chelmsford

Date:

*29 June 2018*



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CORNELIUS SPECIALTIES LTD

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STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 JANUARY 2018

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	Note	2018 £	2017 £
Turnover	4	3,556,213	3,544,483
Cost of sales		(1,449,557)	(1,483,240)
<b>Gross profit</b>		<b>2,106,656</b>	<b>2,061,243</b>
Distribution costs		(55,275)	(58,029)
Administrative expenses		(1,787,280)	(1,714,938)
Other operating income	5	28,855	19,967
<b>Operating profit</b>	6	<b>292,956</b>	<b>308,243</b>
Interest payable and expenses	10	(19,101)	(10,599)
<b>Profit before tax</b>		<b>273,855</b>	<b>297,644</b>
Tax on profit	11	(11,276)	(1,279)
<b>Profit for the financial year</b>		<b>262,579</b>	<b>296,365</b>

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2018 (2017:£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 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	12	156,382	-
Tangible assets	13	568,659	545,002
		<u>725,041</u>	<u>545,002</u>
<b>Current assets</b>			
Stocks	14	985,994	885,268
Debtors: amounts falling due within one year	15	788,116	592,368
Cash at bank and in hand	16	4,136	50
		<u>1,778,246</u>	<u>1,477,686</u>
Creditors: amounts falling due within one year	17	(1,288,709)	(799,032)
<b>Net current assets</b>		<u>489,537</u>	<u>678,654</u>
<b>Total assets less current liabilities</b>		<u>1,214,578</u>	<u>1,223,656</u>
<b>Provisions for liabilities</b>			
Deferred tax	18	(33,625)	(53,515)
		<u>(33,625)</u>	<u>(53,515)</u>
<b>Net assets</b>		<u><u>1,180,953</u></u>	<u><u>1,170,141</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	117,648	117,648
Share premium account	20	80,947	80,947
Profit and loss account	20	982,358	971,546
		<u><u>1,180,953</u></u>	<u><u>1,170,141</u></u>

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

  
**N D Prior**  
 Director

18/6/2018

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

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**CORNELIUS SPECIALTIES LTD**

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

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	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 February 2017	117,648	80,947	971,546	1,170,141
Profit for the year	-	-	262,579	262,579
Dividend Paid	-	-	(251,767)	(251,767)
<b>At 31 January 2018</b>	<b>117,648</b>	<b>80,947</b>	<b>982,358</b>	<b>1,180,953</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JANUARY 2017**

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	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 February 2016	117,648	80,947	675,181	873,776
Profit for the year	-	-	296,365	296,365
<b>At 31 January 2017</b>	<b>117,648</b>	<b>80,947</b>	<b>971,546</b>	<b>1,170,141</b>

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 2018**

	2018 £	2017 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	262,579	296,365
<b>Adjustments for:</b>		
Amortisation of intangible assets	75,021	-
Depreciation of tangible assets	123,582	112,569
Interest paid	19,101	10,599
Taxation charge	11,276	1,279
(Increase) in stocks	(100,726)	(79,038)
(Increase)/decrease in debtors	(195,748)	181,300
Increase/(decrease) in creditors	635,378	(282,061)
<b>Net cash generated from operating activities</b>	<b>830,463</b>	<b>241,013</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(231,403)	-
Purchase of tangible fixed assets	(147,239)	(261,688)
<b>Net cash from investing activities</b>	<b>(378,642)</b>	<b>(261,688)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(251,767)	-
Interest paid	(19,101)	(10,599)
<b>Net cash used in financing activities</b>	<b>(270,868)</b>	<b>(10,599)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>180,953</b>	<b>(31,274)</b>
Cash and cash equivalents at beginning of year	(398,060)	(366,786)
<b>Cash and cash equivalents at the end of year</b>	<b>(217,107)</b>	<b>(398,060)</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	4,136	50
Bank overdrafts	(221,243)	(398,110)
	<b>(217,107)</b>	<b>(398,060)</b>

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## CORNELIUS SPECIALTIES LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

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#### 1. General information

Cornelius Specialties Ltd is a private company limited by shares incorporated in England. 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 judgment 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 2018 and these financial statements may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

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## CORNELIUS SPECIALTIES LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

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#### 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	-	3 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.

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## CORNELIUS SPECIALTIES LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

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## 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.

### 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

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## CORNELIUS SPECIALTIES LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

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#### 2. Accounting policies (continued)

##### 2.10 Financial instruments (continued)

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 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.



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**CORNELIUS SPECIALTIES LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2018**

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**2. Accounting policies (continued)**

**2.13 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.

**2.14 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.

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## CORNELIUS SPECIALTIES LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

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#### 2. Accounting policies (continued)

##### 2.15 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.

##### 2.16 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.

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**CORNELIUS SPECIALTIES LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2018**

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**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:

	2018 £	2017 £
United Kingdom	2,145,302	2,264,216
Rest of the world	1,410,911	1,280,267
	<u>3,556,213</u>	<u>3,544,483</u>

**5. Other operating income**

	2018 £	2017 £
Government grants receivable	<u>28,855</u>	<u>19,967</u>

**6. Operating profit**

The operating profit is stated after charging:

	2018 £	2017 £
Research & development	56,255	61,845
Depreciation of tangible fixed assets	123,582	112,569
Amortisation of intangible assets	75,021	-
Other operating lease rentals	<u>117,086</u>	<u>180,193</u>

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**7. Auditor's remuneration**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	<b>8,625</b>	<b>8,000</b>

**8. Employees**

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

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>957,139</b>	<b>933,578</b>
Social security costs	<b>83,633</b>	<b>87,394</b>
Cost of defined contribution scheme	<b>39,945</b>	<b>33,405</b>
	<b>1,080,717</b>	<b>1,054,377</b>

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

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
Production	<b>15</b>	<b>15</b>
Administration	<b>2</b>	<b>2</b>
Research and development	<b>6</b>	<b>5</b>
Sales	<b>2</b>	<b>2</b>
Distribution	<b>1</b>	<b>-</b>
	<b>26</b>	<b>24</b>

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**9. Directors' remuneration**

	2018 £	2017 £
Directors' emoluments	214,329	249,553
Company contributions to defined contribution pension schemes	18,246	15,818
	<u>232,575</u>	<u>265,371</u>

During the year retirement benefits were accruing to 1 director (2017: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £145,738 (2017 - £154,406).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £9,340 (2017 - £15,818).

**10. Interest payable**

	2018 £	2017 £
Bank interest payable	7,527	9,110
Other loan interest payable	11,574	1,489
	<u>19,101</u>	<u>10,599</u>

**11. Taxation**

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on profits for the year	48,643	17,477
Adjustments in respect of previous periods	(17,477)	(23,934)
<b>Total current tax</b>	<u>31,166</u>	<u>(6,457)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	7,090	7,736
Adjustments in respect of previous periods	(26,980)	-
<b>Taxation on profit on ordinary activities</b>	<u>11,276</u>	<u>1,279</u>

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11. Taxation (continued)

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19.16% (2017: 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<b>273,855</b>	297,644
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.16% (2017: 20%)	<b>52,648</b>	59,529
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>270</b>	1,735
Capital allowances for year in excess of depreciation	<b>3,717</b>	2,867
Adjustments to tax charge in respect of prior periods	<b>(44,457)</b>	(23,934)
Adjust deferred tax to closing tax rate	<b>(902)</b>	(4,357)
Group relief	-	(34,561)
<b>Total tax charge for the year</b>	<b>11,276</b>	1,279

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12. Intangible assets

	Distribution rights £
<b>Cost</b>	
Additions	231,403
At 31 January 2018	231,403
<b>Amortisation</b>	
Charge for the year	75,021
At 31 January 2018	75,021
<b>Net book value</b>	
At 31 January 2018	156,382
At 31 January 2017	-

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**13. Tangible fixed assets**

	Leasehold Property £	Plant & machinery £	Office equipment £	Total £
<b>Cost or valuation</b>				
At 1 February 2017	108,434	1,461,065	47,854	1,617,353
Additions	3,500	135,275	8,464	147,239
At 31 January 2018	<u>111,934</u>	<u>1,596,340</u>	<u>56,318</u>	<u>1,764,592</u>
<b>Depreciation</b>				
At 1 February 2017	10,843	1,018,361	43,147	1,072,351
Charge for the year	11,233	106,200	6,149	123,582
At 31 January 2018	<u>22,076</u>	<u>1,124,561</u>	<u>49,296</u>	<u>1,195,933</u>
<b>Net book value</b>				
At 31 January 2018	<u>89,858</u>	<u>471,779</u>	<u>7,022</u>	<u>568,659</u>
At 31 January 2017	<u>97,591</u>	<u>442,704</u>	<u>4,707</u>	<u>545,002</u>

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

	2018 £	2017 £
Leasehold Property	89,858	97,591
	<u>89,858</u>	<u>97,591</u>



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14. Stocks

	2018 £	2017 £
Work in progress (goods to be sold)	151,327	135,860
Finished goods and goods for resale	834,667	749,408
	<u>985,994</u>	<u>885,268</u>

Stock recognised in cost of sales during the year as an expense was £1,289,538 (2017: £1,276,266).

An impairment loss of £9,279 (2017: £13,596) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

15. Debtors

	2018 £	2017 £
Trade debtors	698,455	517,652
Other debtors	19,806	29,858
Prepayments and accrued income	69,855	44,858
	<u>788,116</u>	<u>592,368</u>

16. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	4,136	50
Less: bank overdrafts	(221,243)	(398,110)
	<u>(217,107)</u>	<u>(398,060)</u>

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**17. Creditors: Amounts falling due within one year**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Bank overdrafts	<b>221,243</b>	<b>398,110</b>
Trade creditors	<b>161,936</b>	<b>94,153</b>
Amounts owed to group undertakings	<b>654,390</b>	<b>65,313</b>
Corporation tax	<b>48,643</b>	<b>17,477</b>
Other taxation and social security	<b>23,214</b>	<b>21,912</b>
Accruals and deferred income	<b>179,283</b>	<b>202,067</b>
	<b><u>1,288,709</u></b>	<b><u>799,032</u></b>

Bank overdrafts are secured against the assets of the company.

**18. Deferred taxation**

	<b>2018</b>
	<b>£</b>
At beginning of year	<b>(53,515)</b>
Charged to the profit or loss	<b>19,890</b>
<b>At end of year</b>	<b><u>(33,625)</u></b>

The provision for deferred taxation is made up as follows:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	<b><u>33,625</u></b>	<b><u>53,515</u></b>

**19. Share capital**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
117,648 Ordinary shares of £1 each	<b><u>117,648</u></b>	<b><u>117,648</u></b>

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

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**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 £39,945 (2017: £33,405).

**22. Commitments under operating leases**

At 31 January 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	144,366	146,866
Later than 1 year and not later than 5 years	527,462	527,462
Later than 5 years	571,418	703,283
	<u>1,243,246</u>	<u>1,377,611</u>

**23. Related party transactions**

During the year the company paid a management charge of £50,000 (2017: £50,000) to Cornelius Group PLC.

The company made purchases of £68,882 (2017: £Nil) from Cornelius Group PLC.

The company made sales of £Nil (2017: £Nil) to Cornelius Group PLC.

At 31 January 2018 the company owed £603,773 to Cornelius Group PLC (2017: £65,313) in relation to an intercompany loan and £50,617 to Cornelous Group PLC (2017: £nil) in relation to purchases made during the year.

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**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.