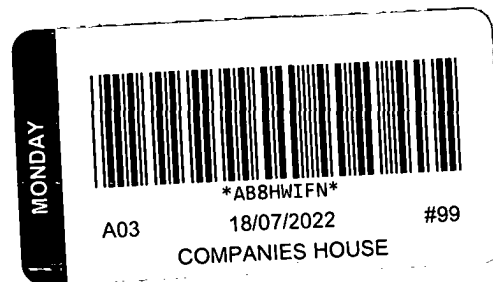


Registered number: 05758693

CORNELIUS SPECIALTIES LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2022



CORNELIUS SPECIALTIES LTD

COMPANY INFORMATION

Directors	Dr N D Prior P Gibbons
Company secretary	J McCallion
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 2022

The directors present their report and the financial statements for the year ended 31 January 2022.

Results and dividends

The profit for the year, after taxation, amounted to £29,509 (2021: £39,832).

No interim dividends were paid in the year (2021: £700,233). The directors recommended payment of a final dividend of £300,000 after the year end (2021: £Nil). The final dividend has not been accounted for within the current year financial statements as it is yet to be approved.

Directors

The directors who served during the year were:

Dr N D Prior
P Gibbons

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.

Qualifying third party indemnity provisions

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

CORNELIUS SPECIALTIES LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2022**

Going concern

The directors have prepared detailed forecasts that show the company and the wider Cornelius Group will have sufficient financial resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of these financial statements.

In preparing these forecasts the directors have made certain assumptions around forecast revenues and cash flows which the directors believe are prudent and reflect the likely continued impact of the COVID-19 pandemic. This includes an assessment on the continuing impact of COVID-19 on the chemicals market. The company has successfully continued to trade throughout the COVID-19 pandemic and has taken significant steps to mitigate the impact of the crises, including a range of cost reduction measures. The business is currently achieving its budgeted revenue and profit targets for the financial year ending 31 January 2023 and has access to the wider group's invoice discounting facility, overdraft facility and CBIL's loan facility, if required.

Although the group's invoice discounting facility has been in place for many years it requires renewal on an annual basis and as such requires renewal in the forecast period. The directors are confident that they will be able to renew the facility given the secured nature of the facility and the state of the business. Accordingly, the directors have continued to prepare these financial statements on a going concern basis.

Post balance sheet events

There have been no significant events affecting the company since 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.

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 **23rd June 2022** and signed on its behalf.



Dr N D Prior
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 2022, 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 2022 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 are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.



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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors for the financial statements

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



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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and the industry in which it operates. We determined that the following laws and regulations were most significant: UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, Companies Act 2006 and UK tax compliance regulations which is the principal jurisdiction in which the company operates.
- We understood how the company is complying with those legal and regulatory frameworks by making enquiries of management. We corroborated our enquiries through our review of board minutes.
- We enquired of management and those charged with governance, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud. No matters relating to fraud were identified from our discussions.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed included:
 - Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud;
 - Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
 - Challenging assumptions and judgements made by management in its significant accounting estimates; and
 - Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed noncompliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.



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

- The assessment of whether the appropriateness of the collective competence and capabilities of the engagement team included consideration by the engagement partner of the engagement team's:
 - Understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
 - Knowledge of the industry in which the client operates; and
 - Understanding of the legal and regulatory requirements specific to the entity including the provisions of the applicable legislation, the regulator's rules and related guidance, including guidance issued by relevant authorities that interprets those rules, the applicable statutory provisions.
- We did not identify any matters relating to non-compliance with laws and regulations. We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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.

Grant Thornton UK LLP

Stephen Wyborn BA FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Chelmsford
Date: *11 July 2022*

CORNELIUS SPECIALTIES LTD

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JANUARY 2022**

	Notes	2022 £	As restated 2021 £
Turnover	4	3,817,679	3,637,877
Cost of sales		(1,646,479)	(1,906,017)
Gross profit		2,171,200	1,731,860
Distribution costs		(55,601)	(60,064)
Administrative expenses		(2,006,693)	(1,595,785)
Other operating income	5	-	28,489
Other operating charges		(2,962)	-
Operating profit	6	105,944	104,500
Interest payable and similar expenses	10	(12,911)	(29,259)
Profit before tax		93,033	75,241
Tax on profit	11	(63,524)	(35,409)
Profit for the financial year		29,509	39,832

There was a reclassification of costs relating to the prior year. Refer to Note 26 for further detail on the restatement.

There were no recognised gains and losses for 2022 or 2021 other than those included in the Statement of comprehensive income.

There was no other comprehensive income for 2022 (2021: £Nil).

The notes on pages 11 to 27 form part of these financial statements.

CORNELIUS SPECIALTIES LTD
REGISTERED NUMBER:05758693

STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	13	67,968	124,832
Tangible assets	14	1,200,002	1,006,931
		<u>1,267,970</u>	<u>1,131,763</u>
Current assets			
Stocks	15	785,076	693,107
Debtors: amounts falling due within one year	16	633,442	885,230
Cash at bank and in hand		209,003	244,891
Current liabilities		<u>1,627,521</u>	<u>1,823,228</u>
Creditors: amounts falling due within one year	17	(1,486,877)	(1,626,548)
Net current assets		<u>141,644</u>	<u>196,680</u>
Total assets less current liabilities		<u>1,409,614</u>	<u>1,328,443</u>
Provisions for liabilities			
Deferred tax	19	(166,154)	(114,492)
		<u>(166,154)</u>	<u>(114,492)</u>
Net assets		<u><u>1,243,460</u></u>	<u><u>1,213,951</u></u>
Capital and reserves			
Called up share capital	20	117,648	117,648
Share premium account	21	80,947	80,947
Profit and loss account	21	1,044,865	1,015,356
Shareholders' funds		<u><u>1,243,460</u></u>	<u><u>1,213,951</u></u>

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

23 June 2022


Dr N D Prior
 Director

The notes on pages 11 to 27 form part of these financial statements.

CORNELIUS SPECIALTIES LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2022**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 February 2021	117,648	80,947	1,015,356	1,213,951
Comprehensive Income for the year				
Profit for the year	-	-	29,509	29,509
Total comprehensive income for the year	-	-	29,509	29,509
At 31 January 2022	117,648	80,947	1,044,865	1,243,460

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2021**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 February 2020	117,648	80,947	1,675,757	1,874,352
Comprehensive Income for the year				
Profit for the year	-	-	39,832	39,832
Total comprehensive income for the year	-	-	39,832	39,832
Dividends paid (see note 12)	-	-	(700,233)	(700,233)
At 31 January 2021	117,648	80,947	1,015,356	1,213,951

The notes on pages 11 to 27 form part of these financial statements.

CORNELIUS SPECIALTIES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022

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 presentation currency of the financial statements is pounds sterling (£).

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 2022 and these financial statements may be obtained from Cornelius House, Woodside Dunmow Road, Bishops Stortford, Hertfordshire, CM23 5RG.

CORNELIUS SPECIALTIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2022**

2. Accounting policies (continued)

2.3 Going concern

The directors have prepared detailed forecasts that show the company and the wider Cornelius Group will have sufficient financial resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of these financial statements.

In preparing these forecasts the directors have made certain assumptions around forecast revenues and cash flows which the directors believe are prudent and reflect the likely continued impact of the COVID-19 pandemic. This includes an assessment on the continuing impact of COVID-19 on the chemicals market. The company has successfully continued to trade throughout the COVID-19 pandemic and has taken significant steps to mitigate the impact of the crises, including a range of cost reduction measures. The business is currently achieving its budgeted revenue and profit targets for the financial year ending 31 January 2023 and has access to the wider group's invoice discounting facility, overdraft facility and CBIL's loan facility, if required.

Although the group's invoice discounting facility has been in place for many years it requires renewal on an annual basis and as such requires renewal in the forecast period. The directors are confident that they will be able to renew the facility given the secured nature of the facility and the state of the business. Accordingly, the directors have continued to prepare these financial statements on a going concern basis.

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 2022**

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.

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.

Amortisation is provided on the following bases:

Distribution rights	20 - 33 %
---------------------	-----------

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 year 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 improvements	- 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 profit or loss.

2.7 Operating leases

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

CORNELIUS SPECIALTIES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022

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.

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.

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.

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 2022**

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 (e.g. furlough) are recognised in the Statement of comprehensive income in the same period as the related expenditure.

2.14 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is Sterling.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'cost of sales'.

CORNELIUS SPECIALTIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2022**

2. Accounting policies (continued)

2.15 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.

2.16 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.

2.17 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.

2.18 Borrowing costs

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

CORNELIUS SPECIALTIES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022

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. 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.

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 estimate 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.

CORNELIUS SPECIALTIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2022**

4. Turnover

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

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	1,139,108	1,440,844
Rest of Europe	1,419,353	918,196
Rest of the world	1,259,218	1,278,837
	<u>3,817,679</u>	<u>3,637,877</u>

5. Other operating income

	2022 £	2021 £
Government grants receivable	-	28,489
	<u>-</u>	<u>28,489</u>

In 2021, the company applied for and received amounts claimed under the Coronavirus Job Retention Scheme.

6. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Research and development expenditure	-	6,404
Exchange differences	(55,058)	-
Depreciation of tangible fixed assets	225,013	191,332
Amortisation of intangible fixed assets	76,590	71,969
Other operating lease rentals	<u>177,242</u>	<u>161,710</u>

CORNELIUS SPECIALTIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2022**

7. Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor for the audit of the company's annual financial statements	<u>12,000</u>	<u>10,000</u>

The company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the Consolidated financial statements of the ultimate parent undertaking.

8. Employees

Staff costs were as follows:

	2022 £	2021 £
Wages and salaries	877,900	726,969
Social security costs	90,567	69,559
Cost of defined contribution scheme	39,053	33,648
	<u>1,007,520</u>	<u>830,176</u>

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

	2022 No.	2021 No.
Production	21	19
Administration	3	3
	<u>24</u>	<u>22</u>

9. Directors' remuneration

None of the directors received any remuneration for their qualifying services to the company in either the current or preceding years.

However, the company pays a management charge to its ultimate parent undertaking, Cornelius Group Plc, which also includes remuneration for qualifying services of the directors. The management charge for the year amounted to £363,600 (2021: £215,481).

CORNELIUS SPECIALTIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2022**

10. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	12,885	29,259
Loans from group undertakings	26	-
	<u>12,911</u>	<u>29,259</u>

11. Taxation

	2022 £	2021 £
Current tax		
Current tax on profits for the year	11,862	-
Adjustments in respect of previous periods	-	5,342
Total current tax	<u>11,862</u>	<u>5,342</u>
Deferred tax		
Origination and reversal of timing differences	18,483	22,643
Adjustments in respect of previous years	(2,262)	(2,244)
Effect of tax rate change on opening balance	35,441	9,668
Total deferred tax	<u>51,662</u>	<u>30,067</u>
Taxation on profit on ordinary activities	<u>63,524</u>	<u>35,409</u>

CORNELIUS SPECIALTIES LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2022

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021: *higher than*) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
Profit before tax	93,033	75,241
Profit/(loss) before tax multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	17,676	14,296
Effects of:		
Expenses not deductible for tax purposes	-	8,347
Adjustments to tax charge in respect of previous years - Current tax	1,072	5,342
Adjustments to tax charge in respect of previous years - Deferred tax	(2,262)	(2,244)
Remeasurement of deferred tax for changes in tax rates	39,877	9,668
Adjust deferred tax to average tax rate	7,161	-
Total tax charge for the year	63,524	35,409

Factors that may affect future tax charges

In the Spring Budget 2021, the Chancellor announced the corporate tax rate would increase from 19% to 25% from 1 April 2023. This was substantially enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

12. Dividends

	2022 £	2021 £
Interim dividends paid	-	700,233

CORNELIUS SPECIALTIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2022**

13. Intangible assets

	Distribution rights £
Cost	
At 1 February 2021	407,524
Additions	19,726
	<hr/>
At 31 January 2022	427,250
	<hr/>
Amortisation	
At 1 February 2021	282,692
Charge for the year	76,590
	<hr/>
At 31 January 2022	359,282
	<hr/>
Net book value	
At 31 January 2022	67,968
	<hr/>
At 31 January 2021	124,832
	<hr/>

Amortisation on intangible assets is charged to administrative expenses.

CORNELIUS SPECIALTIES LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2022

14. Tangible assets

	Short leasehold property improvements £	Plant & machinery £	Office equipment £	Total £
Cost				
At 1 February 2021	535,836	1,261,509	7,283	1,804,628
Additions	11,181	396,517	10,386	418,084
At 31 January 2022	547,017	1,658,026	17,669	2,222,712
Depreciation				
At 1 February 2021	105,452	688,249	3,996	797,697
Charge for the year	72,421	147,365	5,227	225,013
At 31 January 2022	177,873	835,614	9,223	1,022,710
Net book value				
At 31 January 2022	369,144	822,412	8,446	1,200,002
At 31 January 2021	430,384	573,260	3,287	1,006,931

CORNELIUS SPECIALTIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2022**

15. Stocks

	2022 £	2021 £
Raw materials and consumables	537,590	-
Work in progress	140,348	144,239
Finished goods and goods for resale	107,138	548,868
	<u>785,076</u>	<u>693,107</u>

Stock recognised in cost of sales during the year as an expense was £985,559 (2021: £999,850).

An impairment loss of £101,015 (2021: loss of £178,568) was recognised in cost of sales against stock during the year due to movements in provisions against slow-moving and obsolete stock.

16. Debtors: amounts falling due within one year

	2022 £	2021 £
Trade debtors	560,723	799,715
Other debtors	26,313	27,057
Prepayments and accrued income	46,406	58,458
	<u>633,442</u>	<u>885,230</u>

17. Creditors: Amounts falling due within one year

	2022 £	2021 £
Bank overdrafts	549,251	898,947
Trade creditors	201,677	79,611
Amounts owed to ultimate parent undertaking	427,692	386,505
Corporation tax	11,862	-
Other taxation and social security	17,615	18,052
Other creditors	21,507	3,909
Accruals and deferred income	256,273	239,524
	<u>1,485,877</u>	<u>1,626,548</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.

CORNELIUS SPECIALTIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2022**

18. 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 2022, the Group had net debt of £3,132,657 (2021: £3,366,898).

19. Deferred tax

	2022 £
At beginning of year	114,492
Charged to profit or loss	51,662
At end of year	166,154

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	185,909	154,140
Short term timing differences	(19,755)	(8,267)
Losses	-	(31,381)
	166,154	114,492

20. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
117,648 (2021: 117,648) Ordinary shares of £1 each	117,648	117,648

Share capital represents the nominal value of shares that have been issued.

CORNELIUS SPECIALTIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2022**

21. 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 dividends paid.

22. 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 £39,053 (2021: £33,648). Contributions totalling £5,600 (2021: £3,909) were payable to the scheme at the year end and are included in other creditors.

23. Commitments under operating leases

At 31 January 2022 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	178,248	164,884
Later than 1 year and not later than 5 years	529,992	650,331
	<u>708,240</u>	<u>815,215</u>

24. Related party transactions

The company has chosen to take advantage of the exemption available under FRS 102, paragraph 33.1A, not to disclose transactions with group entities that are wholly owned by the group.

25. 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.

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 Cornelius House, Woodside Dunmow Road, Bishops Stortford, Hertfordshire, CM23 5RG.

CORNELIUS SPECIALTIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2022**

26. Restatement of costs

During the year management have aligned the classification of certain costs within Cornelius Specialties with those of Cornelius Group. In order to maintain comparability, £333,165 of costs previously reported as administrative expenses have been reclassified to cost of sales. As a result, the gross profit has been restated to £1,731,860 from £2,065,025. There was no impact on profit before tax or net assets as a result of this reclassification.