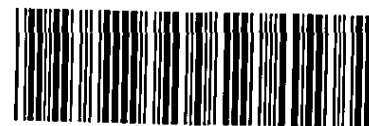


# Financial statements Cornelius Specialties Limited

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For the year ended 31 January 2009

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## Officers and professional advisers

<b>Company registration number</b>	05758693
<b>Registered office</b>	15C Rookwood Way HAVERHILL Suffolk CB9 8PB
<b>Directors</b>	Mr J M Bilney Dr N D Prior
<b>Secretary</b>	Mrs J M Prior
<b>Auditor</b>	Grant Thornton UK LLP Chartered Accountants Registered Auditors Crown House Crown Street IPSWICH Suffolk IP1 3HS

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## Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 January 2009.

### **Principal activities**

The principal activity of the company during the year was the supply of high quality chemicals.

### **Directors**

The directors who served the company during the year were as follows:

Mr J M Bilney  
Dr N D Prior

### **Directors' responsibilities**

The directors are responsible for preparing the Report of the Directors 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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 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 proper accounting records that 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 1985. 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**Auditor**

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

**Small company provisions**

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

ON BEHALF OF THE BOARD



N D Prior  
Director

**29 June 2009**



## Report of the independent auditor to the members of Cornelius Specialties Limited

We have audited the financial statements of Cornelius Specialties Limited for the year ended 31 January 2009 which comprise the accounting policies, profit and loss account, balance sheet, cash flow statement and notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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.

### **Respective responsibilities of directors and auditor**

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

## Report of the independent auditor to the members of Cornelius Specialties Limited (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 January 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

*Grant Thornton UK LLP*

GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS

IPSWICH

*13 July 2009*

## Accounting policies

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards.

### **Turnover**

Turnover is the total amount receivable by the company for goods supplied and services provided excluding VAT and trade discounts. The management consider the company's point of sale to be when the goods leave the warehouse.

### **Research and development**

Research and development expenditure is written off in the year in which it is incurred.

### **Fixed assets**

All fixed assets are initially recorded at cost.

### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	-	period of lease
Plant & Machinery	-	over three to fifteen years

During the year the directors have revised the useful economic life of certain equipment. The effect of this on the current year has been a decrease in depreciation of £19,570.

### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

### **Work in progress**

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

### **Pension costs**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.



### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### **Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

## Profit and loss account

	Note	2009 £	2008 £
Turnover	1	1,351,689	1,158,237
Cost of sales		573,569	533,543
Gross profit		778,120	624,694
Other operating charges	2	703,957	666,253
<b>Operating profit/(loss)</b>	3	<b>74,163</b>	<b>(41,559)</b>
Interest payable and similar charges	6	8,805	6,199
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>65,358</b>	<b>(47,758)</b>
Tax on profit/(loss) on ordinary activities	7	6,487	8,141
<b>Profit/(loss) for the financial year</b>	17	<b>58,871</b>	<b>(55,899)</b>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

## Balance sheet

	Note	2009 £	2008 £
<b>Fixed assets</b>			
Tangible assets	8	<u>262,128</u>	<u>224,582</u>
<b>Current assets</b>			
Stocks	9	300,613	159,411
Debtors	10	265,600	269,354
Cash at bank		46	190
		<u>566,259</u>	<u>428,955</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>717,450</u>	<u>607,958</u>
<b>Net current liabilities</b>		<u>(151,191)</u>	<u>(179,003)</u>
<b>Total assets less current liabilities</b>		<u>110,937</u>	<u>45,579</u>
<b>Provisions for liabilities</b>			
Deferred taxation	12	<u>14,628</u>	<u>8,141</u>
		<u>96,309</u>	<u>37,438</u>
<b>Capital and reserves</b>			
Called-up equity share capital	16	117,648	117,648
Share premium account	17	80,947	80,947
Profit and loss account	17	(102,286)	(161,157)
<b>Shareholders' funds</b>	18	<u>96,309</u>	<u>37,438</u>

These financial statements were approved by the directors and authorised for issue on 30/1/09, and are signed on their behalf by:

J M Bilney  
Director



## Cash flow statement

	Note	2009 £	2008 £
<b>Net cash inflow/(outflow) from operating activities</b>	19	155,077	(40,199)
<b>Returns on investments and servicing of finance</b>			
Interest paid		(8,805)	(6,199)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(8,805)	(6,199)
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(75,446)	(128,853)
Receipts from sale of fixed assets		—	750
<b>Net cash outflow from capital expenditure</b>		(75,446)	(128,103)
<b>Increase/(decrease) in cash</b>	20	<u>70,826</u>	<u>(174,501)</u>

**The accompanying accounting policies and notes form part of these financial statements.**

## Notes to the financial statements

### **1 Turnover**

The turnover and loss before tax are attributable to the one principal activity of the company. All turnover arose in the United Kingdom.

### **2 Other operating charges**

	2009 £	2008 £
Distribution costs	51,315	63,506
Administrative expenses	652,642	602,747
	<u>703,957</u>	<u>666,253</u>

### **3 Operating profit/(loss)**

Operating profit/(loss) is stated after charging:

	2009 £	2008 £
Depreciation of owned fixed assets	37,900	47,323
Auditor's remuneration:		
Audit fees	5,000	5,750
Operating lease costs:		
Plant and equipment	43,456	37,794
Other	60,000	55,526

**4 Particulars of employees**

The average number of staff employed by the company during the financial year amounted to:

	2009 No	2008 No
Production	8	8
Administration	2	2
Research and development	1	1
	<u>11</u>	<u>11</u>

The aggregate payroll costs of the above were:

	2009 £	2008 £
Wages and salaries	327,109	300,710
Social security costs	37,441	34,249
Other pension costs	15,291	32,328
	<u>379,841</u>	<u>367,287</u>

**5 Directors**

Remuneration in respect of directors was as follows:

	2009 £	2008 £
Emoluments receivable	79,506	77,495
Value of company pension contributions to money purchase schemes	11,186	10,860
	<u>90,692</u>	<u>88,355</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2009 No	2008 No
Money purchase schemes	<u>1</u>	<u>1</u>

**6 Interest payable and similar charges**

	2009 £	2008 £
Interest payable on bank borrowing	<u>8,805</u>	<u>6,199</u>

**7 Taxation on ordinary activities**

Analysis of charge in the year

	2009 £	2008 £
Deferred tax:		
Origination and reversal of timing differences	<u>6,487</u>	<u>8,141</u>

Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28.33% (2008 - 30%).

	2009 £	2008 £
Profit/(loss) on ordinary activities before taxation	<u>65,358</u>	<u>(47,758)</u>
Profit/(loss) on ordinary activities by rate of tax	18,516	(14,329)
Expenses not deductible for tax purposes	726	1,119
Differences between capital allowances and depreciation	(15,282)	(12,334)
Other timing differences	-	(27,692)
Utilisation of tax losses	(3,960)	-
Unrelieved tax losses	-	2,596
Group relief	-	50,640
Total current tax	<u>-</u>	<u>-</u>

**8 Tangible fixed assets**

	Leasehold Property £	Plant & Machinery £	Total £
Cost			
At 1 February 2008	8,120	691,443	699,563
Additions	-	75,446	75,446
At 31 January 2009	<u>8,120</u>	<u>766,889</u>	<u>775,009</u>
Depreciation			
At 1 February 2008	6,623	468,358	474,981
Charge for the year	1,497	36,403	37,900
At 31 January 2009	<u>8,120</u>	<u>504,761</u>	<u>512,881</u>
Net book value			
At 31 January 2009	<u>-</u>	<u>262,128</u>	<u>262,128</u>
At 31 January 2008	<u>1,497</u>	<u>223,085</u>	<u>224,582</u>

**9 Stocks**

	2009 £	2008 £
Work in progress	31,568	8,665
Finished goods	269,045	150,746
	<u>300,613</u>	<u>159,411</u>

**10 Debtors**

	2009 £	2008 £
Trade debtors	228,968	241,218
Other debtors	12,539	4,814
Prepayments and accrued income	24,093	23,322
	<u>265,600</u>	<u>269,354</u>

**11 Creditors: amounts falling due within one year**

	2009 £	2008 £
Overdrafts	103,721	174,691
Trade creditors	14,783	47,896
Amounts owed to group undertakings	550,172	313,650
Other taxation and social security	9,913	8,426
Accruals and deferred income	38,861	63,295
	<u>717,450</u>	<u>607,958</u>

Bank overdrafts of £802 (2008 - £12,603) are secured by a mortgage debenture incorporating a specific equitable charge over the assets of the company and £102,919 (2008 - £162,088) are secured on certain trade debts.

**12 Deferred taxation**

The movement in the deferred taxation provision during the year was:

	2009 £	2008 £
Provision brought forward	8,141	-
Profit and loss account movement arising during the year	6,487	8,141
Provision carried forward	<u>14,628</u>	<u>8,141</u>



**12 Deferred taxation (continued)**

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2009 £	2008 £
Excess of taxation allowances over depreciation on fixed assets	23,321	9,959
Tax losses available	<u>(8,693)</u>	<u>(1,818)</u>
	<u>14,628</u>	<u>8,141</u>

**13 Commitments under operating leases**

At 31 January 2009 the company had annual commitments under non-cancellable operating leases as set out below.

	2009		2008	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
After more than 5 years	<u>60,000</u>	<u>43,000</u>	<u>60,000</u>	<u>43,000</u>

The parent company Cornelius Group Plc has guaranteed to pay the above commitments in the event Cornelius Specialties Limited is unable to do so.

**14 Related party transactions**

During the year the company paid a management charge of £25,000 (2008 - £25,000) to Cornelius Group plc.

The company made sales of £108 (2008 - £293) to and made purchases of £39,950 (2008 - £Nil) from Cornelius Group plc.

At 31 January 2009 the company owed Cornelius Group plc £550,172 (2008 - £313,650).

During the prior year certain assets were transferred from Cornelius Group plc to Cornelius Specialties Limited with a value of £137,492. The assets were transferred at their net book value and no profit or loss was made on this transaction by either company.

**15 Derivatives**

At the year end the company was party to a number of forward exchange contracts to sell \$200,000 (2008 - \$Nil). At 31 January 2009, the fair value of these agreements was a liability of £2,865 (2008 - £Nil).

**16 Share capital**

Authorised share capital:

	2009 £	2008 £
200,000 Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>

Allotted, called up and fully paid:

	2009 No	£	2008 No	£
Ordinary shares of £1 each	<u>117,648</u>	<u>117,648</u>	<u>117,648</u>	<u>117,648</u>

**17 Reserves**

	Share premium account £	Profit and loss account £
At 1 February 2008	80,947	(161,157)
Profit for the year	–	58,871
At 31 January 2009	<u>80,947</u>	<u>(102,286)</u>

**18 Reconciliation of movements in shareholders' funds**

	2009 £	2008 £
Profit/(loss) for the financial year	58,871	(55,899)
Opening shareholders' funds	<u>37,438</u>	<u>93,337</u>
Closing shareholders' funds	<u>96,309</u>	<u>37,438</u>

**19 Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities**

	2009 £	2008 £
Operating profit/(loss)	74,163	(41,559)
Depreciation	37,900	47,323
Increase in stocks	(141,202)	(159,411)
Decrease/(increase) in debtors	3,754	(182,327)
Increase in creditors	<u>180,462</u>	<u>295,775</u>
Net cash inflow/(outflow) from operating activities	<u>155,077</u>	<u>(40,199)</u>

**20 Reconciliation of net cash flow to movement in net debt**

	2009 £	2008 £
Increase/(decrease) in cash in the period	70,826	(174,501)
Movement in net debt in the period	70,826	(174,501)
Net debt at 1 February 2008	(174,501)	—
Net debt at 31 January 2009	<u>(103,675)</u>	<u>(174,501)</u>

**21 Analysis of changes in net debt**

	At 1 Feb 2008 £	Cash flows £	At 31 Jan 2009 £
Net cash:			
Cash in hand and at bank	190	(144)	46
Overdrafts	(174,691)	70,970	(103,721)
	<u>(174,501)</u>	<u>70,826</u>	<u>(103,675)</u>
Net debt	<u>(174,501)</u>	<u>70,826</u>	<u>(103,675)</u>

**22 Ultimate parent company**

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

The 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.