

# Financial Statements

## Cornelius Specialties Limited

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**For the year ended 31 January 2013**

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COMPANIES HOUSE

**Registered number: 05758693**

## Company Information

<b>Directors</b>	Mr J M Bilney Dr N D Prior
<b>Company secretary</b>	Mrs J M Prior
<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 Crown House Crown Street Ipswich Suffolk IP1 3HS

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## **Directors' Report**

**For the year ended 31 January 2013**

The directors present their report and the financial statements for the year ended 31 January 2013

### **Principal activity**

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

### **Directors**

The directors who served during the year were

Mr J M Bilney  
Dr N D Prior

### **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). 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 judgments 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.

### **Political and charitable contributions**

During the year the company made charitable contributions of £1,200 (2012 £Nil)

### **Provision of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

## **Directors' Report**

**For the year ended 31 January 2013**

### **Auditor**

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

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 12<sup>th</sup> July 2013 and signed on its behalf



Dr N D Prior  
Director



## Independent Auditor's Report to the Members of Cornelius Specialties Limited

We have audited the financial statements of Cornelius Specialties Limited for the year ended 31 January 2013, which comprise the Profit and loss account, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

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

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 January 2013 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



## Independent Auditor's Report to the Members of Cornelius Specialties Limited

### **Matters on which we are required to report by exception**

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

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

*Grant Thornton UK LLP*

James Brown (Senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Chartered Accountants  
Statutory Auditor  
Ipswich  
Date *17 July 2013*

## Profit and Loss Account

For the year ended 31 January 2013

	Note	2013 £	2012 £
Turnover	1,2	2,293,331	2,313,610
Cost of sales		<u>(1,048,082)</u>	<u>(1,002,115)</u>
<b>Gross profit</b>		<b>1,245,249</b>	<b>1,311,495</b>
Distribution costs		<u>(67,562)</u>	<u>(63,397)</u>
Administrative expenses		<u>(1,109,445)</u>	<u>(947,542)</u>
<b>Operating profit</b>	3	<b>68,242</b>	<b>300,556</b>
Interest payable and similar charges	6	<u>(9,399)</u>	<u>(8,078)</u>
<b>Profit on ordinary activities before taxation</b>		<b>58,843</b>	<b>292,478</b>
Tax on profit on ordinary activities	7	<u>(5,450)</u>	<u>(38,947)</u>
<b>Profit for the financial year</b>	14	<b><u>53,393</u></b>	<b><u>253,531</u></b>

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account

The notes on pages 8 to 17 form part of these financial statements



## Balance Sheet

As at 31 January 2013

	Note	£	2013 £	£	2012 £
<b>Fixed assets</b>					
Tangible assets	8		380,429		325,819
<b>Current assets</b>					
Stocks	9	540,181		477,989	
Debtors	10	340,194		506,791	
Cash at bank		5,392		84	
		<u>885,767</u>		<u>984,864</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(659,035)</u>		<u>(748,260)</u>	
<b>Net current assets</b>			<u>226,732</u>		<u>236,604</u>
<b>Total assets less current liabilities</b>			<u>607,161</u>		<u>562,423</u>
<b>Provisions for liabilities</b>					
Deferred tax	12		<u>(24,827)</u>		<u>(33,482)</u>
<b>Net assets</b>			<u>582,334</u>		<u>528,941</u>
<b>Capital and reserves</b>					
Called up share capital	13		117,648		117,648
Share premium account	14		80,947		80,947
Profit and loss account	14		<u>383,739</u>		<u>330,346</u>
<b>Shareholders' funds</b>	15		<u>582,334</u>		<u>528,941</u>

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

  
Dr N D Prior  
Director

12<sup>th</sup> July 2013

The notes on pages 8 to 17 form part of these financial statements

## Cash Flow Statement

For the year ended 31 January 2013

	Note	2013 £	2012 £
Net cash flow from operating activities	16	282,713	(46,442)
Returns on investments and servicing of finance	17	(9,399)	(8,078)
Taxation		(28,491)	-
Capital expenditure and financial investment	17	(125,687)	(79,044)
<b>Increase/(Decrease) in cash in the year</b>		<b>119,136</b>	<b>(133,564)</b>

## Reconciliation of Net Cash Flow to Movement in Net Funds/Debt

For the year ended 31 January 2013

	2013 £	2012 £
Increase/(Decrease) in cash in the year	119,136	(133,564)
<b>Movement in net debt in the year</b>	<b>119,136</b>	<b>(133,564)</b>
Net debt at 1 February 2012	(280,918)	(147,354)
<b>Net debt at 31 January 2013</b>	<b>(161,782)</b>	<b>(280,918)</b>

The notes on pages 8 to 17 form part of these financial statements

# Notes to the Financial Statements

For the year ended 31 January 2013

## **1. Accounting Policies**

### **1.1 Basis of preparation of financial statements**

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

### **1.2 Turnover**

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

### **1.3 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	-	over three to fifteen years
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### **1.4 Operating leases**

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

### **1.5 Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

### **1.6 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

# Notes to the Financial Statements

For the year ended 31 January 2013

## 1. Accounting Policies (continued)

### 1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

### 1.8 Research and development

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

### 1.9 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

## 2. Turnover

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

A geographical analysis is as follows

	2013 £	2012 £
United Kingdom	1,064,302	1,288,061
Overseas	1,229,029	1,025,549
Total	<u>2,293,331</u>	<u>2,313,610</u>

# Notes to the Financial Statements

For the year ended 31 January 2013

## 3. Operating profit

The operating profit is stated after charging

	2013	2012
	£	£
Depreciation of tangible fixed assets		
- owned by the company	71,077	57,755
Auditor's remuneration	5,000	4,000
Accountancy fees	-	1,000
Operating lease rentals		
- plant and machinery	50,509	48,125
- other operating leases	60,000	60,000
Research and development expenditure written off	16,763	20,897
	<u>167,349</u>	<u>181,677</u>

## 4. Staff costs

Staff costs, including directors' remuneration, were as follows

	2013	2012
	£	£
Wages and salaries	626,541	555,139
Social security costs	70,629	57,908
Other pension costs	18,550	17,509
	<u>715,720</u>	<u>630,556</u>

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

	2013	2012
	No.	No.
Production	14	11
Administration	2	2
Research and development	3	2
Management	1	1
	<u>20</u>	<u>16</u>

# Notes to the Financial Statements

For the year ended 31 January 2013

## 5. Directors' remuneration

	2013 £	2012 £
Emoluments	<u>101,064</u>	<u>128,322</u>
Company pension contributions to defined contribution pension schemes	<u>14,029</u>	<u>13,361</u>

During the year retirement benefits were accruing to 1 director (2012 - 1) in respect of defined contribution pension schemes

## 6. Interest payable

	2013 £	2012 £
On bank loans and overdrafts	<u>9,399</u>	<u>8,078</u>

## 7. Taxation

	2013 £	2012 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	14,105	28,491
<b>Deferred tax</b> (see note 12)		
Origination and reversal of timing differences	(8,655)	10,456
<b>Tax on profit on ordinary activities</b>	<u>5,450</u>	<u>38,947</u>

# Notes to the Financial Statements

For the year ended 31 January 2013

## 7. Taxation (continued)

### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2012 - lower than) the standard rate of corporation tax in the UK of 20% (2012 - 26 32%) The differences are explained below

	2013 £	2012 £
Profit on ordinary activities before tax	58,843	292,478
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2012 - 26 32%)	11,769	76,980
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	378	1,116
Differences between capital allowances and depreciation	1,958	(1,837)
Utilisation of tax losses	-	(4,818)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	-	(37,249)
Marginal relief	-	(5,701)
<b>Current tax charge for the year (see note above)</b>	<b>14,105</b>	<b>28,491</b>

### Factors that may affect future tax charges

There were no factors that may affect future tax charges

# Notes to the Financial Statements

For the year ended 31 January 2013

## 8. Tangible fixed assets

	Plant & machinery £
<b>Cost</b>	
At 1 February 2012	975,536
Additions	125,687
At 31 January 2013	<u>1,101,223</u>
<b>Depreciation</b>	
At 1 February 2012	649,717
Charge for the year	71,077
At 31 January 2013	<u>720,794</u>
<b>Net book value</b>	
At 31 January 2013	<u>380,429</u>
At 31 January 2012	<u>325,819</u>

## 9. Stocks

	2013 £	2012 £
Work in progress	53,338	48,295
Finished goods and goods for resale	486,843	429,694
	<u>540,181</u>	<u>477,989</u>

## 10. Debtors

	2013 £	2012 £
Trade debtors	287,563	463,593
Other debtors	12,598	11,379
Prepayments and accrued income	40,033	31,819
	<u>340,194</u>	<u>506,791</u>



# Notes to the Financial Statements

For the year ended 31 January 2013

## 11. Creditors:

### Amounts falling due within one year

	2013	2012
	£	£
Bank overdrafts	167,174	281,002
Trade creditors	54,495	21,301
Amounts owed to group undertakings	345,518	288,748
Corporation tax	14,105	28,491
Social security and other taxes	18,759	18,626
Accruals and deferred income	58,984	110,092
	<u>659,035</u>	<u>748,260</u>

Bank overdrafts of £63 (2012 - £nil) are secured by a mortgage debenture incorporating a specific equitable charge over the assets of the company and £167,111 (2012 - £280,968) are secured on certain trade debts

## 12. Deferred taxation

	2013	2012
	£	£
At beginning of year	33,482	23,026
Movement in the year	(8,655)	10,456
	<u>24,827</u>	<u>33,482</u>
At end of year	<u>24,827</u>	<u>33,482</u>

The provision for deferred taxation is made up as follows

	2013	2012
	£	£
Accelerated capital allowances	<u>24,827</u>	<u>33,482</u>

## 13. Share capital

	2013	2012
	£	£
<b>Authorised</b>		
200,000 Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>
<b>Allotted, called up and fully paid</b>		
117,648 Ordinary shares of £1 each	<u>117,648</u>	<u>117,648</u>

# Notes to the Financial Statements

For the year ended 31 January 2013

## 14. Reserves

	Share premium account £	Profit and loss account £
At 1 February 2012	80,947	330,346
Profit for the year		53,393
At 31 January 2013	<u>80,947</u>	<u>383,739</u>

## 15. Reconciliation of movement in shareholders' funds

	2013 £	2012 £
Opening shareholders' funds	528,941	275,410
Profit for the year	<u>53,393</u>	<u>253,531</u>
Closing shareholders' funds	<u>582,334</u>	<u>528,941</u>

## 16. Net cash flow from operating activities

	2013 £	2012 £
Operating profit	68,242	300,556
Depreciation of tangible fixed assets	71,077	57,755
Increase in stocks	(62,192)	(149,467)
Decrease/(increase) in debtors	166,597	(162,440)
(Decrease)/increase in creditors	(17,781)	32,436
Increase/(decrease) in amounts owed to group undertakings	56,770	(125,282)
Net cash inflow/(outflow) from operating activities	<u>282,713</u>	<u>(46,442)</u>

## 17. Analysis of cash flows for headings netted in cash flow statement

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest paid	<u>(9,399)</u>	<u>(8,078)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	<u>(125,687)</u>	<u>(79,044)</u>

# Notes to the Financial Statements

For the year ended 31 January 2013

## 18. Analysis of changes in net debt

	1 February 2012	Cash flow	Other non-cash changes	31 January 2013
	£	£	£	£
Cash at bank and in hand	84	5,308	-	5,392
Bank overdraft	(281,002)	113,828	-	(167,174)
<b>Net debt</b>	<b>(280,918)</b>	<b>119,136</b>	<b>-</b>	<b>(161,782)</b>

## 19. Pension commitments

The company contributes to a defined contributions pension scheme. The total contributions for the year amounted to £18,550 (2012 £17,509). At 31 January 2013 there were no unpaid contributions at the beginning and end of the year.

## 20. Operating lease commitments

At 31 January 2013 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2013	2012	2013	2012
	£	£	£	£
<b>Expiry date.</b>				
After more than 5 years	60,000	60,000	49,888	43,000

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

## 21. Derivatives

At the year end the company was party to a number of foreign exchange contracts to sell \$465,000 (2012 - \$1,715,000) and to purchase €75,000 (2012 - €165,000). At 31 January 2013, the fair value of these agreements was a liability of £228,971 (2012 - £3,805).

## 22. Related party transactions

During the year the company paid a management charge of £25,000 (2012 - £25,000) to Cornelius Group PLC.

The company made sales of £nil (2012 - £nil) to Cornelius PLC and made purchases of £61,291 (2012 - £52,661) from Cornelius Group PLC.

At 31 January 2013 the company owed Cornelius Group PLC £345,518 (2012 - £288,748).

## Notes to the Financial Statements

For the year ended 31 January 2013

### **23. 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 Limited

The largest 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, Mandy, Cardiff, CF14 3UZ