



# Financial statements Cornelius Specialties Limited

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**For the Year Ended 31 January 2011**



**Company No. 05758693**

## 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 Statutory Auditor 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 2011

### **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 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 those 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 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.

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.

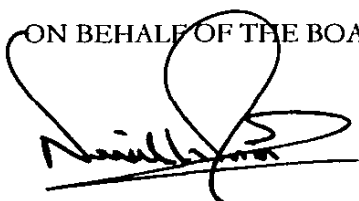
**Auditor**

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 15 of the Companies Act 2006

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'N D Prior', is written over a horizontal line.

N D Prior  
Director

22 March 2011



## 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 2011 which comprise the accounting policies, profit and loss account, balance sheet, 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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 APB'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 2011 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 report of the directors 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 (continued)

### 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 prepare the financial statements and the report of the directors in accordance with the small companies regime

*Grant Thornton UK LLP*

JAMES BROWN (Senior Statutory Auditor)

For and on behalf of

GRANT THORNTON UK LLP

STATUTORY AUDITOR

CHARTERED ACCOUNTANTS

IPSWICH

*22 March 2011*

## 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

### **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. 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

### **Foreign currencies**

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit

### **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	2011 £	2010 £
Turnover	1	1,703,829	1,421,089
Cost of sales		712,156	596,846
Gross profit		991,673	824,243
Other operating charges	2	822,899	795,884
<b>Operating profit</b>	3	168,774	28,359
Interest payable and similar charges	6	5,314	4,318
<b>Profit on ordinary activities before taxation</b>		163,460	24,041
Tax on profit on ordinary activities	7	13,003	(4,605)
<b>Profit for the financial year</b>	17	150,457	28,646

All of the activities of the company are classed as continuing

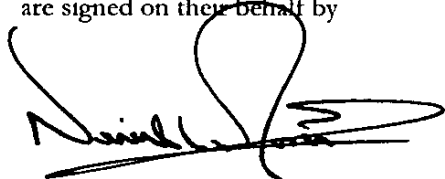
The company has no recognised gains or losses other than the results for the year as set out above

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

## Balance sheet

	Note	2011 £	2010 £
<b>Fixed assets</b>			
Tangible assets	8	<u>304,530</u>	<u>273,784</u>
<b>Current assets</b>			
Stocks	9	328,524	213,248
Debtors	10	344,351	362,079
Cash at bank		50	52
		<u>672,925</u>	<u>575,379</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>679,017</u>	<u>714,185</u>
<b>Net current liabilities</b>		<u>(6,092)</u>	<u>(138,806)</u>
<b>Total assets less current liabilities</b>		<u>298,438</u>	<u>134,978</u>
<b>Provisions for liabilities</b>			
Deferred taxation	12	23,026	10,023
		<u>275,412</u>	<u>124,955</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	76,817	(73,640)
<b>Shareholders' funds</b>	18	<u>275,412</u>	<u>124,955</u>

These financial statements were approved by the directors and authorised for issue on 22/3/11, and are signed on their behalf by



N D Prior  
 Director

Company Registration Number 05758693

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

## Cash flow statement

	Note	2011 £	2010 £
<b>Net cash inflow/(outflow) from operating activities</b>	19	<b>154,467</b>	<b>(58,909)</b>
<b>Returns on investments and servicing of finance</b>			
Interest paid		<u>(5,314)</u>	<u>(4,318)</u>
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>(5,314)</b>	<b>(4,318)</b>
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		<u>(78,493)</u>	<u>(51,112)</u>
<b>Net cash outflow from capital expenditure</b>		<b>(78,493)</b>	<b>(51,112)</b>
<b>Increase/(decrease) in cash</b>	20	<u><b>70,660</b></u>	<u><b>(114,339)</b></u>

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

## Notes to the financial statements

### **1 Turnover**

The turnover and profit before tax are attributable to the one principal activity of the company  
 An analysis of turnover is given below

	2011 £	2010 £
United Kingdom	836,081	673,535
Overseas	867,748	747,554
	<u>1,703,829</u>	<u>1,421,089</u>

### **2 Other operating charges**

	2011 £	2010 £
Distribution costs	47,956	40,820
Administrative expenses	774,943	755,064
	<u>822,899</u>	<u>795,884</u>

### **3 Operating profit**

Operating profit is stated after charging

	2011 £	2010 £
Depreciation of owned fixed assets	47,747	39,456
Auditor's remuneration		
Audit fees	4,000	4,000
Accountancy fees	1,000	1,000
Operating lease costs		
- Plant and equipment	43,000	43,000
- Other	60,000	86,550

**4 Particulars of employees**

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

	<b>2011</b>	<b>2010</b>
	<b>No</b>	<b>No</b>
Production	<b>10</b>	<b>8</b>
Administration	<b>2</b>	<b>2</b>
Research and development	<b>1</b>	<b>1</b>
	<b><u>13</u></b>	<b><u>11</u></b>

The aggregate payroll costs of the above were

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>438,243</b>	<b>342,015</b>
Social security costs	<b>47,291</b>	<b>40,254</b>
Other pension costs	<b>16,202</b>	<b>15,055</b>
	<b><u>501,736</u></b>	<b><u>397,324</u></b>

**5 Directors**

Remuneration in respect of directors was as follows

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Remuneration receivable	<b>102,624</b>	<b>79,932</b>
Value of company pension contributions to money purchase schemes	<b>12,311</b>	<b>11,186</b>
	<b><u>114,935</u></b>	<b><u>91,118</u></b>

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

	<b>2011</b>	<b>2010</b>
	<b>No</b>	<b>No</b>
Money purchase schemes	<b><u>1</u></b>	<b><u>1</u></b>

**6 Interest payable and similar charges**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Interest payable on bank borrowing	<b><u>5,314</u></b>	<b><u>4,318</u></b>

**7 Taxation on ordinary activities**

Analysis of charge in the year

	2011 £	2010 £
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Deferred tax

Origination and reversal of timing differences	<u>13,003</u>	<u>(4,605)</u>
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Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 21% (2010 - 21%)

	2011 £	2010 £
Profit on ordinary activities before taxation	<u>163,460</u>	<u>24,041</u>
Profit on ordinary activities by rate of tax	34,327	5,049
Expenses not deductible for tax purposes	628	2,825
Capital allowances for period in excess of depreciation	(1,090)	(8,235)
Utilisation of tax losses	(11,874)	-
Tax relief for research and development expenditure	(21,991)	(16,620)
Group relief	-	16,981
Total current tax	<u>-</u>	<u>-</u>

**8 Tangible fixed assets**

	Leasehold property £	Plant & machinery £	Total £
Cost			
At 1 February 2010	8,120	818,001	826,121
Additions	-	78,493	78,493
Disposals	(8,120)	-	(8,120)
At 31 January 2011	<u>-</u>	<u>896,494</u>	<u>896,494</u>
Depreciation			
At 1 February 2010	8,120	544,217	552,337
Charge for the year	-	47,747	47,747
On disposals	(8,120)	-	(8,120)
At 31 January 2011	<u>-</u>	<u>591,964</u>	<u>591,964</u>
Net book value			
At 31 January 2011	<u>-</u>	<u>304,530</u>	<u>304,530</u>
At 31 January 2010	<u>-</u>	<u>273,784</u>	<u>273,784</u>

**9 Stocks**

	2011 £	2010 £
Work in progress	34,574	29,381
Finished goods	293,950	183,867
	<u>328,524</u>	<u>213,248</u>

**10 Debtors**

	2011 £	2010 £
Trade debtors	304,473	322,908
Other debtors	13,234	11,290
Prepayments and accrued income	26,644	27,881
	<u>344,351</u>	<u>362,079</u>

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

	2011 £	2010 £
Overdrafts	147,404	218,066
Trade creditors	55,080	19,236
Amounts owed to group undertakings	414,030	409,527
Other taxation and social security	14,215	11,231
Accruals and deferred income	48,288	56,125
	<u>679,017</u>	<u>714,185</u>

Bank overdrafts of £3,231 (2010 - £20,652) are secured by a mortgage debenture incorporating a specific equitable charge over the assets of the company and £144,173 (2010 - £197,414) are secured on certain trade debts

**12 Deferred taxation**

The movement in the deferred taxation provision during the year was

	2011 £	2010 £
Provision brought forward	10,023	14,628
Profit and loss account movement arising during the year	13,003	(4,605)
Provision carried forward	<u>23,026</u>	<u>10,023</u>



**12 Deferred taxation (continued)**

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

	2011 £	2010 £
Excess of taxation allowances over depreciation on fixed assets	26,868	25,739
Tax losses available	<u>(3,842)</u>	<u>(15,716)</u>
	<u>23,026</u>	<u>10,023</u>

**13 Commitments under operating leases**

At 31 January 2011 the company had annual commitments under non-cancellable operating leases as set out below

	2011 Land and buildings £	Other Items £	2010 Land and 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 (2010 - £25,000) to Cornelius Group plc

The company made sales of £903 (2010 - £263) to and made purchases of £3,629 (2010 - £436) from Cornelius Group plc

The company was recharged £29,526 (2010 - £61,932) by Cornelius Group plc

At 31 January 2011 the company owed Cornelius Group plc £414,030 (2010 - £409,527)

**15 Derivatives**

At the year end the company was party to a number of forward exchange contracts to sell \$1,090,000 (2010 - \$580,000) and to purchase €115,000 (2010- nil) At 31 January 2011, the fair value of these agreements was a liability of £11,358 (2010 - £4,980)

**16 Share capital**

Authorised share capital

	2011 £	2010 £
200,000 Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>

**16 Share capital (continued)**

Allotted, called up and fully paid

	2011 No	£	2010 No	£
117,648 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 2010	80,947	(73,640)
Profit for the year	—	150,457
At 31 January 2011	<u>80,947</u>	<u>76,817</u>

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

	2011 £	2010 £
Profit for the financial year	150,457	28,646
Opening shareholders' funds	<u>124,955</u>	<u>96,309</u>
Closing shareholders' funds	<u>275,412</u>	<u>124,955</u>

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

	2011 £	2010 £
Operating profit	168,774	28,359
Depreciation	47,747	39,456
(Increase)/decrease in stocks	(115,276)	87,365
Decrease/(increase) in debtors	17,728	(96,479)
Increase/(decrease) in creditors	35,494	(117,610)
Net cash inflow/(outflow) from operating activities	<u>154,467</u>	<u>(58,909)</u>

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

	2011 £	2010 £
Increase/(Decrease) in cash in the period	70,660	(114,339)
Movement in net debt in the period	<u>70,660</u>	<u>(114,339)</u>
Net debt at 1 February 2010	(218,014)	(103,675)
Net debt at 31 January 2011	<u>(147,354)</u>	<u>(218,014)</u>

**21 Analysis of changes in net debt**

	At 1 Feb 2010 £	Cash flows £	At 31 Jan 2011 £
Net cash			
Cash in hand and at bank	52	(2)	50
Overdrafts	(218,066)	70,662	(147,404)
	<u>(218,014)</u>	<u>70,660</u>	<u>(147,354)</u>
Net debt	<u>(218,014)</u>	<u>70,660</u>	<u>(147,354)</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, Mandy, Cardiff, CF14 3UZ