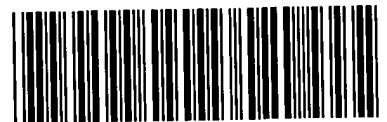


**Strategic Report, Report of the Directors and**  
**Financial Statements**  
**For The Year Ended 31st December 2019**  
**for**  
**ADS2 Limited**

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**ADS2 Limited**

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**For The Year Ended 31st December 2019**

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**ADS2 Limited**  
**Company Information**  
**For The Year Ended 31st December 2019**

**DIRECTORS:**

N Farrar  
A Fresolone  
M Gallavotti  
V Marchi

**REGISTERED OFFICE:**

Thirsk Industrial Park  
York Road  
Thirsk  
North Yorkshire  
YO7 3BX

**REGISTERED NUMBER:**

07473429 (England and Wales)

**AUDITORS:**

KPMG LLP  
Chartered Accountants  
1 Sovereign Square  
Sovereign Street  
Leeds  
West Yorkshire  
LS1 4DA

**ADS2 Limited**  
**Strategic Report**  
**For The Year Ended 31st December 2019**

The directors present their strategic report for the year ended 31st December 2019.

**REVIEW OF BUSINESS**

The company continues to grow within its sector supplying tooling for plastic injection mouldings. The mouldings are subsequently produced and print is applied utilising our printing facility optimising its full capabilities.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The policy of risk acceptance and risk management is addressed through an annual Board review process with approval and ongoing review. Compliance with regulation, legal and ethical standards is a high priority and the directors take an important oversight role in this regard.

The main risks to the business have been identified as a disproportionate reliance on sales volume from a few key customers, changing customer service requirements and global competitors from low-cost environments. We continue to manage these risks by expanding our customer base whilst maintaining high quality standards to our existing customers, diversification into different industries through product diversification and efficiently managing our cost base and procurement process. We have continued to invest in the business through staff recruitment, IT and refining our quality control systems and processes as part of the process of managing these risks.

Currency fluctuations and changes in commodity prices are also risks that we continue to actively manage.

**RESULTS AND PERFORMANCE**

The results of the Company for the year show a loss on ordinary activities before tax of £0.04m (2018 profit - £0.7m). The shareholders' funds total £5.2m (2018 - £5.2m).

The underlying business performed in line with management's expectations based on the budget for the year.

**BUSINESS ENVIRONMENT**

Our industry remains highly competitive. Client activity and brand investment has continued but cautiously due to uncertainty caused by COVID-19.

COVID-19 has been a significant issue in 2020, the impacts have been felt by all businesses, but the retail and hospitality industries have been one of the hardest hit. Consequently, since a large proportion of our business is directly related to these sectors, we have seen a decrease in demand. With the country being placed in lockdown at the end of March 2020, the business experienced a significant reduction in demand for almost six weeks. However, as the business supplies products to other industries it did remain partially operational during the first lockdown period. The Government has subsequently enforced the closure of a range of hospitality venues under the tier system and new national restrictions from 5<sup>th</sup> November 2020. There remains uncertainty across the hospitality sector over how much and how quickly trade will return. Despite these conditions resulting in continuing uncertainty over demand we have experienced continued demand for our products, and enquiries and development plans have remained live with many of our customers.

**STRATEGY AND FUTURE DEVELOPMENTS**

Growth remains the key objective for the business. We have a strategic plan to optimise the full facilities through offering a complete solution to our customers as a true design and manufacturer which has proved successful. Our strategy remains to continue to diversify into different industries by utilising our capabilities to develop new products for alternative industries.

We also have a key strategy on sustainable products and we continue to invest time and resources in recyclable materials which has also been successful as it is high on our customer's agendas.

The continuing uncertainty over the timing and manner of Britain's exit from the European Union means that it remains difficult to forecast the impact on the company and group's operations in the future. Since the result of the referendum in 2016 the overseas sales of the business have benefitted from the fall in the value of Sterling, but this has also impacted the cost of importing raw materials which the company continues to actively manage. We continue to assess the potential impact on both our business and on our customers as events move forward. We remain confident that the business will continue to perform strongly under all potential exit scenarios and that we are well positioned to react quickly to future developments.

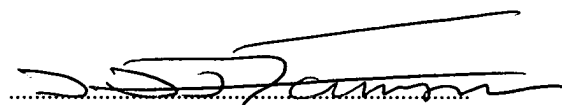
**ADS2 Limited**  
**Strategic Report**  
**For The Year Ended 31st December 2019**

**KEY PERFORMANCE INDICATORS (KPI'S)**

	<b>Year Ended</b>	<b>Year Ended</b>
	<b>31.12.19</b>	<b>31.12.18</b>
Sales (decline)/growth	(81.9%)	41.0%
Sales Exported	0.61%	25.6%
Return on Capital employed	(0.75%)	12.9%
Employee retention	19.1%	88.7%

At the end of December 2018 the company transferred the production, sales and procurement part of the business to Celli Group (UK) Limited, another group company. At the same time the company acquired the design, mould, manufacture and assembly of bespoke parts business from another group company, F.J.E. Plastic Developments Limited. These two transfers of trade within the Celli UK Group explain the significant decrease in sales, sales expected and return on capital employed compared to 2018.

**ON BEHALF OF THE BOARD:**



N Farrar - Director

18 December 2020

**ADS2 Limited**

**Report of the Directors**  
**For The Year Ended 31st December 2019**

The directors present their report with the financial statements of the company for the year ended 31st December 2019.

**CHANGE OF NAME**

The Company passed a special resolution on the 10th January 2019 changing its name from ADS2 Brands Limited, to ADS2 Limited

**DIVIDENDS**

No dividends will be distributed for the year ended 31st December 2019.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1st January 2019 to the date of this report.

N Farrar  
A Fresolone  
M Gallavotti

Other changes in directors holding office are as follows:

V Marchi - appointed 14th February 2019

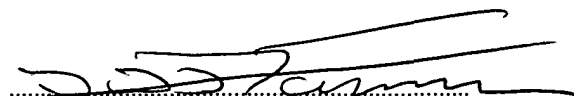
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, KPMG LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



N Farrar - Director

18 December 2020

**ADS2 Limited**

**Statement of Directors' Responsibilities**  
**For The Year Ended 31st December 2019**

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**Independent Auditor's Report to the Members of**  
**ADS2 Limited**

**Opinion**

We have audited the financial statements of ADS2 Limited ("the company") for the year ended 31 December 2019 which comprise the Statement of Income and Retained Earnings, Balance Sheet, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

**Material uncertainty related to going concern**

We draw attention to Note 2 in the financial statements, which describes the impact of COVID-19 on the Company, including on its ability to continue as a going concern. A material uncertainty exists relating to the realisation of future forecast revenues. If the budgeted levels of revenue in the severe but plausible downside scenario are not achieved the Company will need to secure additional funding within the going concern period. As stated in Note 2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 we are required 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 from the requirement to prepare a strategic report.

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 5 the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.



**Independent Auditor's Report to the Members of**  
**ADS2 Limited**

**Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

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.



**Phillipa Symington (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
1 Sovereign Street  
Sovereign Square  
Leeds  
LS1 4DA  
18 December 2020

**ADS2 Limited**

**Statement of Income and Retained Earnings**  
**For The Year Ended 31st December 2019**

	Notes	31.12.19 £	31.12.18 £
<b>TURNOVER</b>	3	3,323,431	18,356,704
Cost of sales		<u>(2,630,399)</u>	<u>(15,883,015)</u>
<b>GROSS PROFIT</b>		693,032	2,473,689
Administrative expenses		(732,422)	(1,274,908)
Restructuring costs	5	-	(617,382)
<b>OPERATING (LOSS)/PROFIT</b>	6	(39,390)	581,399
Income from shares in group undertakings		-	1,485,851
		(39,390)	2,067,250
Amounts written off investments	7	-	(1,389,941)
		(39,390)	677,309
Interest payable and similar expenses	8	(4,612)	(25,875)
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		(44,002)	651,434
Tax on (loss)/profit	9	82,075	(141,840)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		38,073	509,594
Retained earnings at beginning of year		5,120,764	4,611,170
<b>RETAINED EARNINGS AT END OF YEAR</b>		<u>5,158,837</u>	<u>5,120,764</u>

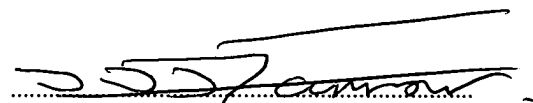
The notes form part of these financial statements

**ADS2 Limited (Registered number: 07473429)**

**Balance Sheet**  
**31st December 2019**

	Notes	31.12.19 £	£	31.12.18 £	£
<b>FIXED ASSETS</b>					
Intangible assets	10		825,372		880,846
Tangible assets	11		665,135		631,571
Investments	12		-		-
			1,490,508		1,512,417
<b>CURRENT ASSETS</b>					
Stocks	13	302,353		241,236	
Debtors	14	4,543,549		6,416,195	
Cash at bank and in hand	15	294,990		166,648	
		5,140,892		6,824,079	
<b>CREDITORS</b>					
Amounts falling due within one year	16	(1,359,426)		(3,098,927)	
<b>NET CURRENT ASSETS</b>			3,781,466		3,725,152
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			5,271,974		5,237,569
<b>CREDITORS</b>					
Amounts falling due after more than one year	17		(14,566)		(35,728)
<b>PROVISIONS FOR LIABILITIES</b>	21		(48,571)		(31,077)
<b>NET ASSETS</b>			5,208,837		5,170,764
<b>CAPITAL AND RESERVES</b>					
Called up share capital	22		50,000		50,000
Retained earnings	23		5,158,837		5,120,764
<b>SHAREHOLDERS' FUNDS</b>			5,208,837		5,170,764

The financial statements were approved by the Board of Directors and authorised for issue on 18 December 2020 and were signed on its behalf by:



N Farrar - Director

The notes form part of these financial statements

## **ADS2 Limited**

### **Notes to the Financial Statements** **For The Year Ended 31st December 2019**

#### **1. STATUTORY INFORMATION**

ADS2 Limited ("the company") is a private company, limited by shares, incorporated, domiciled and registered in England and Wales. The company's registered number and registered office address are:

Registered number: 07473429

Registered office: Thirsk Industrial Park  
York Road  
Thirsk  
North Yorkshire  
YO7 3BX

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

#### **2. ACCOUNTING POLICIES**

##### **Basis of preparing the financial statements**

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The financial statements have been prepared under the historical cost convention.

These financial statements report the results for the year from 1 January 2019. The comparative period relates to the year from 1 January 2018.

The company's parent undertaking, Celli S.p.a. includes the company in its consolidated financial statements. The consolidated financial statements of Celli S.p.a. are available to the public and may be obtained from Via Casino Albini, 605, 47842 San Giovanni in Marignano (RN), Italy. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Celli S.p.a. include the equivalent disclosures, the company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

##### **Related exemption**

The company has taken advantage of exemption, under the terms of FRS 102, not to disclose related party transactions with wholly owned subsidiaries within the group.

**ADS2 Limited**

**Notes to the Financial Statements - continued**  
**For The Year Ended 31st December 2019**

**2. ACCOUNTING POLICIES - continued**

**Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report on page 2.

In making their assessment regarding the going concern status of the Company, the Directors have considered the impact of the current COVID-19 pandemic on the forecast performance of the Company and specifically on the demand for the existing product offering. The Directors have also considered the Company's available financial resources and the commitment of the wider Celli group towards operations in the United Kingdom. The financial statements are prepared on a going concern basis not withstanding a loss of £44,002 within the financial year to 31 December 2019.

The COVID-19 pandemic has had a significant impact on the hospitality industry, with the Government enforcing pub closures during lockdown periods in United Kingdom. Although pubs have been allowed to recommence trade within safety guidelines issued by the Government for certain periods in 2020, there remains significant uncertainty across the whole hospitality sector over how much and how quickly trade will return. There also remains the possibility of further widespread enforced closures. This, in turn, impacts the availability of customer resources for capital expenditure and hence, demand for the current main product offering of the Company.

As a result of this uncertainty, the Company has sought to diversify its product offering and as a result there is significant focus on the new Asset Management division, of which the main focus is on maintenance and refurbishment of existing capital equipment. Based on discussions held with the key customer base thus far, the Directors are pleased to report that there is a high level of interest in this new revenue stream. Furthermore, as evidenced by the recent acquisition of T&J Installations Limited, the Directors take comfort in the commitment of the wider Celli group towards the long term success of this revenue stream within the UK. In combination, these factors lead the Directors to conclude that the Group has a positive outlook and they look forward to the success of the new business venture.

The Directors have prepared cash flow forecasts for a period of x months from the date of approval of these financial statements which include a severe but plausible downside scenario which assumes a prolonged period of reduced revenue in 2021 without the benefit of the government schemes which have been utilised by the company in the year to date. Due to the inherent uncertainty impacting the hospitality industry, the Directors have renewed focus on the budgeting process of the Company and have led a stringent process to ensure that all assumptions have been thoroughly challenged. The Directors have confidence in the budgets produced and are comfortable that all areas of the business have set realistic targets for each revenue stream.

Having assessed the combination of these factors, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next 12 months from the date of the approval of the financial statements. In forming this conclusion, the Directors have made a significant judgement in respect of the forecast sales to be generated within the going concern period, particularly with regard the new Asset Management division. If the budgeted levels of revenue in the severe but plausible downside scenario are not achieved the Company will need to secure additional funding within the going concern period. Celli S.p.a has indicated its intention to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

However, the ability of Celli S.p.a to provide this support is dependent on the ability of the wider Celli Group to achieve forecasts which are subject to similar judgements about the global hospitality industry and performance of the new Asset Management division.

This significant judgement represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

## **ADS2 Limited**

### **Notes to the Financial Statements - continued** **For The Year Ended 31st December 2019**

#### **2. ACCOUNTING POLICIES - continued** **Going Concern – continued**

In summary, despite this uncertainty impacting the industry as a whole, the Directors remain confident in their robust and transparent budgeting process which has been developed following consultation with key customers. The Board also welcomed the recent news regarding the successful approval of a COVID-19 vaccination programme within the UK which they believe is an extremely positive step towards the recovery of the industry.

#### **Functional and presentational currency**

These financial statements are presented in Great British Pounds, which is the company's functional currency. All financial information presented in Great British Pounds has been rounded to the nearest thousand.

#### **Turnover**

Turnover represents sales of goods/services and is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Revenue is recognised on the despatch of goods.

#### **Foreign currency**

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### **Operating lease**

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

#### **Finance lease**

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

#### **Interest receivable and Interest payable**

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis

#### **Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Development costs are being amortised evenly over their estimated useful life of three years. Goodwill is being amortised over its useful life of ten years.

## **ADS2 Limited**

### **Notes to the Financial Statements - continued** **For The Year Ended 31st December 2019**

#### **2. ACCOUNTING POLICIES - continued**

##### **Investments in subsidiaries**

Investments in subsidiary undertakings are carried at cost less impairment.

##### **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	- Straight line basis over estimated life
Plant and machinery	- 25% on reducing balance and 20% on reducing balance
Fixtures and Fittings	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 33% Straight line

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits

##### **Stocks**

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

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bring stocks to their present location and condition.

##### **Basic financial instruments**

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

## **ADS2 Limited**

### **Notes to the Financial Statements - continued** **For The Year Ended 31st December 2019**

#### **2. ACCOUNTING POLICIES - continued**

##### **Classification of financial instruments issued by the company**

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

##### **Impairment excluding stocks**

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### **Non-financial assets**

The carrying amounts of the company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.



**ADS2 Limited**

**Notes to the Financial Statements - continued**  
**For The Year Ended 31st December 2019**

**2. ACCOUNTING POLICIES - continued**

**Non-financial assets – continued**

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**Provisions**

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

**Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Defined contribution plans and other long term employee benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay any further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

**Invoice factoring**

Factored debts and the associated factor liabilities are separately disclosed within the financial statements and are cleared via either the fulfilment of the factored debt or the cancellation of the factored debt and the repayment by the company of the factor liability

**ADS2 Limited**

**Notes to the Financial Statements - continued**  
**For The Year Ended 31st December 2019**

**3. TURNOVER**

The turnover and loss (2018 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	31.12.19 £	31.12.18 £
Sale of goods	<u>3,323,431</u>	<u>18,356,704</u>
	<u><u>3,323,431</u></u>	<u><u>18,356,704</u></u>

An analysis of turnover by geographical market is given below:

	31.12.19 £	31.12.18 £
United Kingdom	3,303,291	13,648,866
Europe	20,140	3,835,941
United States of America	-	28,067
Rest of the world	<u>-</u>	<u>843,830</u>
	<u><u>3,323,431</u></u>	<u><u>18,356,704</u></u>

**4. EMPLOYEES AND DIRECTORS**

	31.12.19 £	31.12.18 £
Wages and salaries	915,308	1,410,424
Social security costs	74,009	154,952
Other pension costs	<u>24,908</u>	<u>87,021</u>
	<u><u>1,014,225</u></u>	<u><u>1,652,397</u></u>

The average number of employees during the year was as follows:

	31.12.19	31.12.18
Management	-	3
Administration	10	3
Sales	-	7
Production	29	31
Warehouse	1	3
Research and development	<u>-</u>	<u>4</u>
	<u><u>40</u></u>	<u><u>51</u></u>

	31.12.19 £	31.12.18 £
Directors' remuneration	<u>-</u>	<u><u>83,110</u></u>

There were four directors (2018:4) during the year. The company did not make any pension contributions or provide other retirement benefits to any of the directors (2018:£nil)

**ADS2 Limited**

**Notes to the Financial Statements - continued**  
**For The Year Ended 31st December 2019**

**5. RESTRUCTURING COSTS**

	31.12.19	31.12.18
	£	£
Restructuring costs	<u>-</u>	<u>617,382</u>

In the year ended 31 December 2018, the Company incurred restructuring costs of £617,382 which largely arose from redundancy costs, a provision for the rent commitments to the end of the lease at Kettering, and legal fees.

**6. OPERATING (LOSS)/PROFIT**

The operating loss (2018 - operating profit) is stated after charging/(crediting):

	31.12.19	31.12.18
	£	£
Hire of plant and machinery	21,758	3,578
Depreciation - owned assets	186,900	131,881
Depreciation - assets on hire purchase contracts	12,740	17,735
Profit on disposal of fixed assets	-	(549)
Goodwill amortisation	66,400	-
Development costs amortisation	-	70,973
Auditors' remuneration	29,535	33,220
Foreign exchange differences	<u>1,791</u>	<u>42,223</u>

**7. AMOUNTS WRITTEN OFF INVESTMENTS**

	31.12.19	31.12.18
	£	£
Loss on investments in subsidiary company	<u>-</u>	<u>1,389,941</u>

**8. INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.12.19	31.12.18
	£	£
Bank interest	2,261	23,231
Hire purchase	<u>2,351</u>	<u>2,644</u>
	<u>4,612</u>	<u>25,875</u>

**ADS2 Limited**

**Notes to the Financial Statements - continued**  
**For The Year Ended 31st December 2019**

**9. TAXATION**

**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the loss for the year was as follows:

	31.12.19	31.12.18
	£	£
Current tax:		
UK corporation tax	(99,569)	115,606
Deferred tax	<u>17,494</u>	<u>26,234</u>
Tax on (loss)/profit	<u>(82,075)</u>	<u>141,840</u>

UK corporation tax has been charged at 19% (2018 - 19%). A reduction in the UK corporation tax rate from 19% to 17% (effective date 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax liability as at 31 December 2019 has been calculated based on this rate.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the company's future current tax charge accordingly, and increase the UK deferred tax liability by £3,000.

**Reconciliation of total tax (credit)/charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.19	31.12.18
	£	£
(Loss)/profit before tax	<u>(44,002)</u>	<u>651,434</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(8,360)	123,772
Effects of:		
Expenses not deductible for tax purposes	11,800	266,744
Income not taxable for tax purposes	-	(282,312)
Depreciation in excess of capital allowances	(4,529)	8,374
Movement in accelerated capital allowances	17,494	26,234
Group relief received - F.J.E. Plastic Developments Ltd	-	(972)
Research & development expenditure credit	(5,842)	-
Adjustments in respect of prior periods	<u>(92,638)</u>	<u>-</u>
Total tax (credit)/charge	<u>(82,075)</u>	<u>141,840</u>

**ADS2 Limited**

**Notes to the Financial Statements - continued**  
**For The Year Ended 31st December 2019**

**10. INTANGIBLE FIXED ASSETS**

	Goodwill £	Development costs £	Totals £
<b>COST</b>			
At 1st January 2019	880,846	-	880,846
Additions	<u>-</u>	<u>10,926</u>	<u>10,926</u>
At 31st December 2019	<u>880,846</u>	<u>10,926</u>	<u>891,772</u>
<b>AMORTISATION</b>			
At 1 <sup>st</sup> January 2019	-	-	-
Amortisation for year	<u>66,400</u>	<u>-</u>	<u>66,400</u>
At 31st December 2019	<u>66,400</u>	<u>-</u>	<u>66,400</u>
<b>NET BOOK VALUE</b>			
At 31st December 2019	<u>814,446</u>	<u>10,926</u>	<u>825,372</u>
At 31st December 2018	<u>880,846</u>	<u>-</u>	<u>880,846</u>

**Assessing indicators of impairment**

The Directors have performed value in use analysis over the goodwill balance in response to the COVID-19 pandemic which is considered an impairment indicator. The Company's weighted average cost of capital of 8% takes account of current market conditions as well as risks specific to the Company and is impacted by estimates of interest rates, equity returns and market specific risks.

Sensitivities have been applied to cash flow forecasts to eliminate all anticipated cash inflows until December 2027 and furthermore, reducing the forecast terminal cash flow by 50%. After these severe sensitivities have been applied, there remains sufficient headroom over the book value such that no impairment is required.

**11. TANGIBLE FIXED ASSETS**

	Short leasehold £	Plant and machinery £	Fixtures and fittings £
<b>COST</b>			
At 1st January 2019	278,811	720,523	-
Additions	<u>41,835</u>	<u>90,770</u>	<u>4,546</u>
At 31st December 2019	<u>320,646</u>	<u>811,293</u>	<u>4,546</u>
<b>DEPRECIATION</b>			
At 1st January 2019	29,564	353,324	-
Charge for year	<u>30,132</u>	<u>124,516</u>	<u>1,136</u>
At 31st December 2019	<u>59,696</u>	<u>477,840</u>	<u>1,136</u>
<b>NET BOOK VALUE</b>			
At 31st December 2019	<u>260,950</u>	<u>333,453</u>	<u>3,410</u>
At 31st December 2018	<u>249,247</u>	<u>367,199</u>	<u>-</u>

**ADS2 Limited**

**Notes to the Financial Statements - continued**  
**For The Year Ended 31st December 2019**

**11. TANGIBLE FIXED ASSETS - continued**

	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>			
At 1st January 2019	74,199	-	1,073,533
Additions	<u>-</u>	<u>96,054</u>	<u>233,205</u>
At 31st December 2019	<u>74,199</u>	<u>96,054</u>	<u>1,306,738</u>
<b>DEPRECIATION</b>			
At 1st January 2019	59,074	-	441,962
Charge for year	<u>13,897</u>	<u>29,960</u>	<u>199,641</u>
At 31st December 2019	<u>72,971</u>	<u>29,960</u>	<u>641,603</u>
<b>NET BOOK VALUE</b>			
At 31st December 2019	<u>1,228</u>	<u>66,094</u>	<u>665,135</u>
At 31st December 2018	<u>15,125</u>	<u>-</u>	<u>631,571</u>

The net book value of tangible fixed assets includes £37,775 (2018: £50,515) in respect of assets held under hire purchase contracts.

**12. FIXED ASSET INVESTMENTS**

The company's investments at the Balance Sheet date in the share capital of companies include the following:

**Charles (Glassware) Limited**

Registered office:

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100%

The Company held 100% of the issued share capital of Charles (Glassware) Limited which was formally dissolved on 26th March 2019. An application to strike off the company had been made on 14 December 2018 as part of the restructuring and the cost of investment of £1,000 had been fully provided for at 31 December 2018.

**F.J.E. Plastic Developments Limited**

Registered office: Thirsk Industrial Park, York Road, Thirsk, North Yorkshire, England, YO7 3BX

Nature of business: Manufacture of plastic products

	%	
Class of shares:	holding	
Ordinary	100.00	
	31.12.19	31.12.18
	£	£
Aggregate capital and reserves	43,781	46,630
(Loss)/profit for the year/period	<u>(2,849)</u>	<u>46,530</u>

100% of the share capital of the Company was acquired on the 6 December 2018.

As part of the restructuring at 31st December 2018, the assets and liabilities of F.J.E. Plastic Developments Limited were hived up to the Company at that date.

**ADS2 Limited**

**Notes to the Financial Statements - continued**  
**For The Year Ended 31st December 2019**

<b>13. STOCKS</b>	31.12.19	31.12.18
	£	£
Raw materials	54,197	241,236
Work in progress	78,534	-
Finished goods	<u>169,622</u>	<u>-</u>
	<u>302,353</u>	<u>241,236</u>
<b>14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	31.12.19	31.12.18
	£	£
Trade debtors	924,414	3,273,197
Amounts due from parent undertakings	-	800,000
Amounts due from subsidiary undertakings	-	142,108
Amounts due from other group undertakings	3,270,357	2,131,247
Corporation tax debtor	250,279	-
VAT debtor	70,175	-
Prepayments and accrued income	<u>28,324</u>	<u>69,643</u>
	<u>4,543,549</u>	<u>6,416,195</u>
<b>15. CASH AT BANK AND IN HAND</b>	31.12.19	31.12.18
	£	£
Cash at bank - Sterling	24,404	127,395
Cash at bank - Euro	76,688	39,241
Invoice Factoring	193,750	-
Cash in hand	<u>148</u>	<u>12</u>
	<u>294,990</u>	<u>166,648</u>
<b>16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	31.12.19	31.12.18
	£	£
Other loans (see note 18)	-	822,681
Hire purchase contracts (see note 19)	19,121	20,117
Trade creditors	769,749	344,714
Corporation Tax	-	115,115
Social security and other taxes	20,192	13,514
VAT	-	31,907
Other creditors	137	539
Amounts due to parent undertakings	478,947	1,278,947
Amounts due to subsidiary Undertakings	58,085	-
Accruals and deferred income	<u>13,195</u>	<u>471,393</u>
	<u>1,359,426</u>	<u>3,098,927</u>
<b>17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	31.12.19	31.12.18
	£	£
Hire purchase contracts (see note 19)	<u>14,566</u>	<u>35,728</u>

**ADS2 Limited**

**Notes to the Financial Statements - continued**  
**For The Year Ended 31st December 2019**

**18. LOANS**

An analysis of the maturity of loans is given below:

	31.12.19 £	31.12.18 £
Amounts falling due within one year or on demand:		
Invoice Factoring	<u>-</u>	<u>822,681</u>

**19. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

Hire purchase contracts

	31.12.19 £	31.12.18 £
Gross obligations repayable:		
Within one year	22,158	22,158
Between one and five years	<u>14,772</u>	<u>36,930</u>
	<u>36,930</u>	<u>59,088</u>

Finance charges repayable:

Within one year	(3,037)	(2,041)
Between one and five years	<u>(206)</u>	<u>(1,202)</u>
	<u>3,243</u>	<u>3,243</u>

Net obligations repayable:

Within one year	19,121	20,117
Between one and five years	<u>14,566</u>	<u>35,728</u>
	<u>33,687</u>	<u>55,845</u>

Non-cancellable operating leases

	31.12.19 £	31.12.18 £
Within one year	100,000	101,499
Between one and five years	400,000	400,000
In more than five years	<u>875,000</u>	<u>975,000</u>
	<u>1,375,000</u>	<u>1,476,499</u>



**ADS2 Limited**

**Notes to the Financial Statements - continued**  
**For The Year Ended 31st December 2019**

**20. SECURED DEBTS**

The following secured debts are included within creditors:

	31.12.19	31.12.18
	£	£
Invoice Factoring account	-	822,681
Hire Purchase contracts	<u>33,687</u>	<u>55,845</u>
	<u>33,687</u>	<u>878,526</u>

**21. PROVISIONS FOR LIABILITIES**

	31.12.19	31.12.18
	£	£
Deferred tax	<u>48,571</u>	<u>31,077</u>

	Deferred tax £
Balance at 1st January 2019	31,077
Provided during year	<u>17,494</u>
Balance at 31st December 2019	<u>48,571</u>

**22. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			31.12.19	31.12.18
Number:	Class:	Nominal value:	£	£
50,000	Ordinary	£1	<u>50,000</u>	<u>50,000</u>

**23. RESERVES**

	Retained earnings £
At 1st January 2019	5,120,764
Surplus for the year	<u>38,073</u>
At 31st December 2019	<u>5,158,837</u>

**24. PENSION COMMITMENTS**

The company operates a defined contribution pension plan for its employees. The amount recognised as expense in the period was £24,416 (2018 - 87,021)

An amount of £NIL (2018 - £10,377) is outstanding in respect of defined contribution pension schemes.

**ADS2 Limited**

**Notes to the Financial Statements - continued**  
**For The Year Ended 31st December 2019**

**25. ULTIMATE PARENT COMPANY**

The controlling party is Celli International Limited

Celli S.p.a. (incorporated in Italy) is regarded by the directors as being the Company's ultimate parent company.

Copies of the group's financial statements can be obtained from Company Secretary of Celli S.pa. at:

Via Casino Albini, 605  
47842 San Giovanni in Marignano (RN)  
Italy

**26. POST BALANCE SHEET EVENTS – COVID-19**

As a supplier to the UK drinks industry, with most of its revenue stream from the hospitality industry, the company has been impacted by COVID-19 and this has resulted in reduced demand, reduced orders and staff being furloughed, with home working for remaining critical staff. Staff have subsequently returned to work and management have implemented Covid prevention measures and ensured that necessary measures have been taken to protect staff in accordance with government guidance

The impact of COVID-19 has been considered in forecasts as set out in detail in note 2 to the financial statements.