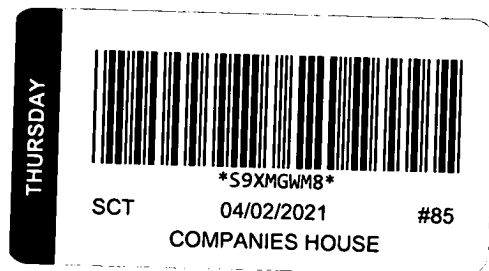


Company Registration No. SC122624 (Scotland)

Ellsworth Adhesives Limited

Annual report and consolidated financial statements

for the year ended 30 September 2020



Ellsworth Adhesives Limited

Company information

Directors	Paul E Ellsworth David J Woloszyk John R Henderson
Company number	SC122624
Registered office	2a Langlands Avenue Kelvin South Business Park East Kilbride Glasgow G75 0YG
Auditor	MHA Henderson Loggie The Vision Building 20 Greenmarket Dundee DD1 4QB

Ellsworth Adhesives Limited

Contents

	Page
Strategic report	1 - 2
Directors' report	3
Directors' responsibilities statement	4
Independent auditor's report	5 - 7
Group statement of comprehensive income	8
Group balance sheet	9 - 10
Company balance sheet	11
Group statement of changes in equity	12
Company statement of changes in equity	13
Group statement of cash flows	14
Company statement of cash flows	15
Notes to the financial statements	16 - 40

Ellsworth Adhesives Limited

Strategic report

for the year ended 30 September 2020

The directors present the strategic report for the year ended 30 September 2020.

Fair review of the business

The Group comprises various trading businesses involved in distribution, formulation and the manufacture of resins and the systems to dispense these. These consist of:

- Ellsworth Adhesives Limited and its allied business in France, Germany, Iberica, Sweden, Poland and a newly founded Irish entity whose primary business is the distribution of resins and dispensing systems;
- Robnor Resinlab who are market leaders in the formulation and manufacture of resin systems; and
- Fluid Research Limited whose primary business is design and manufacture of specialist dispensing and multicomponent mixing and metering systems as well as the distribution of robotic and allied dispensing consumables.

The Group's strategy of product development, increasing manufacturing capacity and new customer acquisition continues to show good growth within some of the individual entities although the Group showed a drop, in total a turnover of £26.9m compared with £31.2m in 2019. This was primarily due to drop in sales in Scandinavia due to transfer of business to China and the effect of the pandemic causing the automotive industry to drop demand for products.

Ellsworth Adhesives is primarily a distributor of adhesives, sealants and associated dispensing technology, additionally offering a specialised custom packaging service including mix frozen packaging to supply premixed resins direct to the production line. During the previous and current year, a reorganisation of the group took place whereby it was re-organised into three primary structures, that is a Distribution entity with two UK sites (Glasgow and Birmingham) which incorporated the John Burn and Glue Dots companies into Ellsworth Adhesives Limited, with Equipment operating out of Wellingborough and a Material Manufacturing location in Swindon. The network of sister companies based in Spain, Germany, France, Sweden, Poland and Ireland give the Group the reach and the ability to service the whole of Europe. Fiscal 2020 saw strong growth in the medical and PPE market while being affected by reduced Automotive sales, and it is the Group's intention to continue this growth through acquisition and organic growth in the coming year.

Robnor is a niche provider of epoxy and polyurethane resin systems used in the protection and insulation of cable and electronic components and devices. Robnor's high technical ability and experience continues to support growth and development in other markets such as telecommunications, offshore equipment and building.

Fluid Research is a supplier and manufacturer of 2K Meter Mixing Systems, Robotics and associated products. It continues to expand on its core business by the addition of strategic product additions while exploring and developing the sales of new and innovative dispensing and robotic systems.

The Group is committed to developing its people and is continuing to invest within all divisions as well as growing its sales force. This combined with larger premises and improvements to manufacturing facilities will continue to support growth in the Group.

We would like to take this opportunity to thank all the Group's employees for their hard work and dedication which continues to contribute greatly to our continued growth.

The Group is budgeting for further growth in fiscal 2021 and initial indications are that we are continuing to trade strongly but we are concerned with what may be a negative affect of Brexit and Covid.

Ellsworth Adhesives Limited

Strategic report (continued)

for the year ended 30 September 2020

Principal risks and uncertainties

Financial risk management:

The Group finances on-going activities and capital expenditure through a combination of retained profits and the availability of financial support from the parent company. The Group operates a strict regime of working capital management.

Competitive risk assessment:

The Group operates in a competitive environment; however, the directors believe that the Group, through its continued investment in new products and technology, together with increased penetration into European markets, is well placed to continue growing its own market share.

Environmental risk assessment:

The Directors recognise the Group's environmental responsibilities and the increasing legislation in this area. The Group complies with relevant legislation and also strives to ensure that environmental best practices are adopted, particularly in fuel efficiency, management of waste and reducing consumption of packaging. The directors are satisfied that through such initiatives, the Group continues to improve its environmental efficiency.

Key performance indicators

The directors use Financial Key Performance Indicators to measure gross and net profit margins to review the Group's performance during the year, the indices are in line with the directors' expectations.

On behalf of the board



john henderson - 2021-01-26, 15:58:55 UTC

John R Henderson

Director

26 January 2021

Ellsworth Adhesives Limited

Directors' report

for the year ended 30 September 2020

The directors present their annual report and financial statements for the year ended 30 September 2020.

Principal activities

The principal activity of the company and group continued to be that of the manufacture and distribution of specialist adhesives, sealants, coatings, encapsulants and dispensing equipment.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Paul E Ellsworth
David J Woloszyk
John R Henderson

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.


Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

Strategic report

Included within the strategic report is an indication of the principal risks and uncertainties including the risks associated with the market conditions, competition, foreign currency risk, and legislative and compliance risks.

On behalf of the board


john henderson - 2021-01-26, 15:58:55 UTC

John R Henderson
Director

26 January 2021

Ellsworth Adhesives Limited

Directors' responsibilities statement

for the year ended 30 September 2020

The directors are responsible for preparing the Annual 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Ellsworth Adhesives Limited

Independent auditor's report

to the members of Ellsworth Adhesives Limited

Opinion

We have audited the financial statements of Ellsworth Adhesives Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2020 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Ellsworth Adhesives Limited

Independent auditor's report (continued)

to the members of Ellsworth Adhesives Limited

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

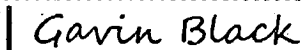
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Ellsworth Adhesives Limited

Independent auditor's report (continued)

to the members of Ellsworth Adhesives Limited

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.


Gavin Black - 2021-01-26, 16:04:07 UTC

Gavin Black (Senior Statutory Auditor)
for and on behalf of MHA Henderson Loggie
Chartered Accountants
Statutory Auditor

26 January 2021

The Vision Building
20 Greenmarket
Dundee
DD1 4QB

MHA Henderson Loggie is a trading name of Henderson Loggie LLP.

Ellsworth Adhesives Limited

Group statement of comprehensive income

for the year ended 30 September 2020

	Notes	2020 £	2019 £
Turnover	3	26,897,146	31,154,995
Cost of sales		(18,545,118)	(21,309,534)
Gross profit		8,352,028	9,845,461
Administrative expenses		(8,161,421)	(8,139,522)
Other operating income		108,996	13,179
Operating profit	4	299,603	1,719,118
Interest receivable and similar income	8	7,095	1,090
Interest payable and similar expenses	9	(26,065)	(17,656)
Profit before taxation		280,633	1,702,552
Tax on profit	10	(106,533)	(390,931)
Profit for the financial year	28	174,100	1,311,621
Other comprehensive income			
Actuarial loss on defined benefit pension schemes		(13,000)	(252,000)
Currency translation differences		126,399	(39,131)
Tax relating to other comprehensive income		(8,810)	27,880
Total comprehensive income for the year		278,689	1,048,370

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

Ellsworth Adhesives Limited

Group Balance sheet

as at 30 September 2020

	Notes	2020 £	2019 £
Fixed assets			
Intangible assets	11	69,641	91,070
Tangible assets	12	918,851	1,074,876
		<u>988,492</u>	<u>1,165,946</u>
Current assets			
Stocks	15	4,643,564	4,991,909
Debtors	16	5,014,706	4,603,698
Cash at bank and in hand		3,674,505	3,911,006
		<u>13,332,775</u>	<u>13,506,613</u>
Creditors: amounts falling due within one year	17	<u>(3,685,881)</u>	<u>(4,185,077)</u>
Net current assets		<u>9,646,894</u>	<u>9,321,536</u>
Total assets less current liabilities		<u>10,635,386</u>	<u>10,487,482</u>
Creditors: amounts falling due after more than one year	18	(260,587)	(321,291)
Provisions for liabilities	20	-	(1,081)
Net assets excluding pension liability		<u>10,374,799</u>	<u>10,165,110</u>
Defined benefit pension liability	21	(146,000)	(215,000)
Net assets		<u><u>10,228,799</u></u>	<u><u>9,950,110</u></u>
Capital and reserves			
Called up share capital	22	480,226	480,226
Share premium account	23	125,917	125,917
Merger reserve	24	(1,819,353)	(1,819,353)
Translation reserve	25	2,170	(124,229)
Capital redemption reserve	26	8,917	8,917
Other reserves	27	6,891,914	6,891,914
Profit and loss reserves	28	4,539,008	4,386,718
Total equity		<u><u>10,228,799</u></u>	<u><u>9,950,110</u></u>

Ellsworth Adhesives Limited

Group Balance sheet (continued)

as at 30 September 2020

The financial statements were approved by the board of directors and authorised for issue on 26 January 2021 and are signed on its behalf by:

John Henderson

john henderson - 2021-01-26, 15:58:55 UTC

John R Henderson
Director

Ellsworth Adhesives Limited


Company Balance sheet

as at 30 September 2020

	Notes	2020 £	2019 £
Fixed assets			
Intangible assets	11	69,641	91,070
Tangible assets	12	191,250	170,915
Investments	13	3,661,385	3,661,385
		<u>3,922,276</u>	<u>3,923,370</u>
Current assets			
Stocks	15	2,218,445	1,662,643
Debtors	16	3,116,751	2,842,302
Cash at bank and in hand		296,596	528,426
		<u>5,631,792</u>	<u>5,033,371</u>
Creditors: amounts falling due within one year	17	<u>(1,975,160)</u>	<u>(2,143,061)</u>
Net current assets		<u>3,656,632</u>	<u>2,890,310</u>
Total assets less current liabilities		<u>7,578,908</u>	<u>6,813,680</u>
Creditors: amounts falling due after more than one year	18	-	(512)
Provisions for liabilities	20	-	(7,866)
Net assets		<u><u>7,578,908</u></u>	<u><u>6,805,302</u></u>
Capital and reserves			
Called up share capital	22	480,226	480,226
Share premium account	23	125,917	125,917
Capital redemption reserve	26	8,917	8,917
Other reserves	27	6,891,914	6,891,914
Profit and loss reserves	28	71,934	(701,672)
Total equity		<u><u>7,578,908</u></u>	<u><u>6,805,302</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £773,606 (2019 - £6,721).

The financial statements were approved by the board of directors and authorised for issue on 26 January 2021 and are signed on its behalf by:


 john henderson - 2021-01-26, 15:58:55 UTC

John R Henderson
Director

Company Registration No. SC122624

Ellsworth Adhesives Limited

Group statement of changes in equity

for the year ended 30 September 2020

	Share capital	Share premium account	Merger reserve	Translation reserve	Capital redemption reserve	Other reserves	Profit and loss reserves	Total
	£	£	£	£	£	£	£	£
Balance at 1 October 2018	480,226	125,917	(1,819,353)	(85,098)	8,917	6,891,914	3,299,217	8,901,740
Year ended 30 September 2019:								
Profit for the year	-	-	-	-	-	-	1,311,621	1,311,621
Other comprehensive income:								
Actuarial losses on defined benefit plans	-	-	-	-	-	-	(252,000)	(252,000)
Currency translation differences on overseas subsidiaries	-	-	-	-	-	-	(39,131)	(39,131)
Tax relating to other comprehensive income	-	-	-	-	-	-	27,880	27,880
Total comprehensive income for the year	-	-	-	-	-	-	1,048,370	1,048,370
Other movements	-	-	-	(39,131)	-	-	39,131	-
Balance at 30 September 2019	480,226	125,917	(1,819,353)	(124,229)	8,917	6,891,914	4,386,718	9,950,110
Year ended 30 September 2020:								
Profit for the year	-	-	-	-	-	-	174,100	174,100
Other comprehensive income:								
Actuarial losses on defined benefit plans	-	-	-	-	-	-	(13,000)	(13,000)
Currency translation differences on overseas subsidiaries	-	-	-	-	-	-	126,399	126,399
Tax relating to other comprehensive income	-	-	-	-	-	-	(8,810)	(8,810)
Total comprehensive income for the year	-	-	-	-	-	-	278,689	278,689
Other movements	-	-	-	126,399	-	-	(126,399)	-
Balance at 30 September 2020	480,226	125,917	(1,819,353)	2,170	8,917	6,891,914	4,539,008	10,228,799

Ellsworth Adhesives Limited

**Company statement of changes in equity
for the year ended 30 September 2020**

	Share capital £	Share premium account £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 October 2018	480,226	125,917	8,917	6,891,914	(708,393)	6,798,581
Year ended 30 September 2019:						
Profit and total comprehensive income for the year	-	-	-	-	6,721	6,721
Balance at 30 September 2019	480,226	125,917	8,917	6,891,914	(701,672)	6,805,302
Year ended 30 September 2020:						
Profit and total comprehensive income for the year	-	-	-	-	773,606	773,606
Balance at 30 September 2020	480,226	125,917	8,917	6,891,914	71,934	7,578,908

Ellsworth Adhesives Limited

Group statement of cash flows

for the year ended 30 September 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	33	159,470		2,761,587	
Interest paid		(26,065)		(17,656)	
Income taxes paid		(417,870)		(611,765)	
Net cash (outflow)/inflow from operating activities		(284,465)		2,132,166	
Investing activities					
Purchase of tangible fixed assets		(78,180)		(185,845)	
Proceeds on disposal of tangible fixed assets		-		189	
Interest received		7,095		1,090	
Net cash used in investing activities		(71,085)		(184,566)	
Financing activities					
Payment of finance leases obligations		(6,673)		(19,453)	
Net cash used in financing activities		(6,673)		(19,453)	
Net (decrease)/increase in cash and cash equivalents		(362,223)		1,928,147	
Cash and cash equivalents at beginning of year		3,911,006		2,021,741	
Effect of foreign exchange rates		125,722		(38,882)	
Cash and cash equivalents at end of year		3,674,505		3,911,006	

Ellsworth Adhesives Limited

Company statement of cash flows

for the year ended 30 September 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	34	(494,149)		582,429	
Interest paid		(1,373)		(3,800)	
Income taxes paid		(208,425)		(107,134)	
Net cash (outflow)/inflow from operating activities		(703,947)		471,495	
Investing activities					
Purchase of tangible fixed assets		(34,879)		(31,470)	
Interest received		6,996		1,090	
Dividends received		500,000		-	
Net cash generated from/(used in) investing activities		472,117		(30,380)	
Financing activities					
Payment of finance leases obligations		-		(15,611)	
Net cash used in financing activities		-		(15,611)	
Net (decrease)/increase in cash and cash equivalents		(231,830)		425,504	
Cash and cash equivalents at beginning of year		528,426		47,239	
Cash and cash equivalents acquired with subsidiaries		-		55,683	
Cash and cash equivalents at end of year		296,596		528,426	

Ellsworth Adhesives Limited

Notes to the financial statements

for the year ended 30 September 2020

1 Accounting policies

Company information

Ellsworth Adhesives Limited ("the company") is a private company limited by shares domiciled and incorporated in Scotland. The registered office is 2a Langlands Avenue, Kelvin South Business Park, East Kilbride, Glasgow, G75 0YG.

The group consists of Ellsworth Adhesives Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

All financial statements are made up to 30 September 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The consolidated financial statements incorporate those of Ellsworth Adhesives Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

1 Accounting policies (continued)

1.3 Going concern

The financial statements have been prepared on a going concern basis. The Directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment. The COVID-19 pandemic and the ensuing economic shutdown has had a significant impact on the group's operations. In response to the COVID-19 pandemic, the Directors have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This analysis also considers the effectiveness of available measures to assist in mitigating the impact.

Based on these assessments and having regard to the resources available to the company and group, the Directors have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the annual report and financial statements.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Customer lists	7 years straight line
----------------	-----------------------

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	10% straight line
Plant and equipment	10% - 20% straight line
Fixtures and fittings	20% - 33% straight line
Computers	33% straight line

1 Accounting policies (continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Fixed asset investments

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Stocks is costed using the FIFO method.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1 Accounting policies (continued)

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

1 Accounting policies (continued)

Classification of financial liabilities

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 group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1 Accounting policies (continued)

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1 Accounting policies (continued)

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Defined benefit pension scheme

The defined benefit pension scheme relies on a number of assumptions in order to calculate the net pension liability at the year end. These are all detailed in the actuarial report and are disclosed in the notes to these financial statements.

Accruals

As part of month and year end processes, management are required to estimate accrual levels. These estimates are arrived at based on their knowledge of the business coupled with post year end information identifying expenses incurred relating to the previous financial period.

Ellsworth Adhesives Limited

Notes to the financial statements (continued)

for the year ended 30 September 2020

3 Turnover

	2020 £	2019 £
Turnover analysed by class of business		
Distribution of adhesives	19,733,079	22,382,232
Manufacture of fluid dispensing solutions	2,113,486	3,358,966
Provision of resin systems	5,050,581	5,413,797
	<u>26,897,146</u>	<u>31,154,995</u>
 Grants received	 <u>97,349</u>	 <u>-</u>

	2020 £	2019 £
Turnover analysed by geographical market		
United Kingdom	11,364,283	13,056,610
Rest of World	15,532,863	18,098,385
	<u>26,897,146</u>	<u>31,154,995</u>

4 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	139,222	(28,810)
Government grants	(97,349)	-
Depreciation of owned tangible fixed assets	248,415	238,565
Depreciation of tangible fixed assets held under finance leases	2,000	11,651
Loss on disposal of tangible fixed assets	3,716	514
Amortisation of intangible assets	21,429	21,428
Operating lease charges	<u>914,046</u>	<u>880,619</u>

5 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	24,000	20,000
Audit of the financial statements of the company's subsidiaries	<u>20,400</u>	<u>25,500</u>
	<u>44,400</u>	<u>45,500</u>

Ellsworth Adhesives Limited

Notes to the financial statements (continued)

for the year ended 30 September 2020

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2020 Number	2019 Number
Distribution	67	70
Management	28	24
Administration	59	63
	154	157

Their aggregate remuneration comprised:

	Group 2020 £	2019 £
Wages and salaries	4,875,462	5,155,247
Social security costs	617,537	701,286
Pension costs	205,803	203,139
	5,698,802	6,059,672

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	194,827	278,724
Company pension contributions to defined contribution schemes	14,600	13,256
	209,427	291,980

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 1).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	n/a	278,724
Company pension contributions to defined contribution schemes	n/a	13,256

As total directors' remuneration was less than £200,000 in the current year, no disclosure is provided for that year.

Ellsworth Adhesives Limited

Notes to the financial statements (continued)

for the year ended 30 September 2020

8 Interest receivable and similar income

	2020	2019
	£	£
Interest income		
Interest on bank deposits	7,095	1,090

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	7,095	1,090
--	-------	-------

9 Interest payable and similar expenses

	2020	2019
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	23,065	17,656
Other finance costs:		
Other interest	3,000	-
Total finance costs	26,065	17,656

10 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	109,106	317,536
Adjustments in respect of prior periods	(12,500)	14,067
Research and development tax credit	(46,682)	(21,921)
Total UK current tax	49,924	309,682
Foreign current tax on profits for the current period	71,424	76,373
Total current tax	121,348	386,055
Deferred tax		
Origination and reversal of timing differences	(19,242)	4,876
Adjustment in respect of prior periods	4,427	-
Total deferred tax	(14,815)	4,876
Total tax charge	106,533	390,931

Ellsworth Adhesives Limited**Notes to the financial statements (continued)****for the year ended 30 September 2020****10 Taxation (continued)**

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	<u>280,633</u>	<u>1,702,552</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2019: 19%)	53,320	323,485
Tax effect of expenses that are not deductible in determining taxable profit	3,978	1,772
Tax effect of utilisation of tax losses not previously recognised	-	(2,931)
Adjustments in respect of prior years	(12,500)	14,067
Permanent capital allowances in excess of depreciation	(7,078)	(3,635)
Depreciation on assets not qualifying for tax allowances	26,305	25,863
Amortisation on assets not qualifying for tax allowances	4,072	4,072
Research and development tax credit	(46,682)	(21,921)
Effect of overseas tax rates	91,478	46,804
Pension contributions	(10,787)	-
Changes in rates of deferred tax	4,427	3,355
Taxation charge	<u>106,533</u>	<u>390,931</u>

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2020 £	2019 £
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	<u>8,810</u>	<u>(27,880)</u>

Ellsworth Adhesives Limited

Notes to the financial statements (continued)

for the year ended 30 September 2020

11 Intangible fixed assets

Group	Customer lists
	£
Cost	
At 1 October 2019 and 30 September 2020	150,000
Amortisation and impairment	
At 1 October 2019	58,930
Amortisation charged for the year	21,429
At 30 September 2020	80,359
Carrying amount	
At 30 September 2020	69,641
At 30 September 2019	91,070
Company	Customer lists
	£
Cost	
At 1 October 2019 and 30 September 2020	150,000
Amortisation and impairment	
At 1 October 2019	58,930
Amortisation charged for the year	21,429
At 30 September 2020	80,359
Carrying amount	
At 30 September 2020	69,641
At 30 September 2019	91,070

Amortisation is included in administration charges in the profit and loss account.

Ellsworth Adhesives Limited

Notes to the financial statements (continued)

for the year ended 30 September 2020

12 Tangible fixed assets

Group	Leasehold improvements	Plant and equipment	Fixtures and fittings	Computers	Total
	£	£	£	£	£
Cost					
At 1 October 2019	1,304,789	1,173,204	247,262	163,040	2,888,295
Additions	6,304	66,007	20,546	7,823	100,680
Disposals	(1,790)	(14,057)	-	(9,039)	(24,886)
Exchange adjustments	231	1,628	1,186	844	3,889
At 30 September 2020	1,309,534	1,226,782	268,994	162,668	2,967,978
Depreciation and impairment					
At 1 October 2019	570,108	968,174	158,643	116,494	1,813,419
Depreciation charged in the year	141,138	66,425	30,997	11,855	250,415
Eliminated in respect of disposals	(1,062)	(10,806)	-	(6,051)	(17,919)
Exchange adjustments	208	1,382	1,228	394	3,212
At 30 September 2020	710,392	1,025,175	190,868	122,692	2,049,127
Carrying amount					
At 30 September 2020	599,142	201,607	78,126	39,976	918,851
At 30 September 2019	734,681	205,030	88,619	46,546	1,074,876

Ellsworth Adhesives Limited

Notes to the financial statements (continued)

for the year ended 30 September 2020

12 Tangible fixed assets (continued)

Company	Leasehold improvements	Plant and equipment	Fixtures and fittings	Computers	Total
	£	£	£	£	£
Cost					
At 1 October 2019	220,486	518,016	89,800	85,378	913,680
Additions	4,117	15,159	12,470	3,133	34,879
Disposals	(1,790)	(2,165)	-	(9,039)	(12,994)
Transfers	-	98,437	13,045	-	111,482
At 30 September 2020	222,813	629,447	115,315	79,472	1,047,047
Depreciation and impairment					
At 1 October 2019	126,315	495,615	44,348	76,487	742,765
Depreciation charged in the year	32,332	31,011	15,201	2,369	80,913
Eliminated in respect of disposals	(1,062)	-	-	(6,051)	(7,113)
Transfers	-	34,458	4,774	-	39,232
At 30 September 2020	157,585	561,084	64,323	72,805	855,797
Carrying amount					
At 30 September 2020	65,228	68,363	50,992	6,667	191,250
At 30 September 2019	94,171	22,401	45,452	8,891	170,915

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Plant and equipment	11,500	25,649	-	-
Fixtures and fittings	-	24,453	-	24,453
	11,500	50,102	-	24,453
Depreciation charge for the year in respect of leased assets	2,000	11,651	-	5,643

Ellsworth Adhesives Limited

Notes to the financial statements (continued)

for the year ended 30 September 2020

13 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	14	-	-	3,661,385	3,661,385

**Movements in fixed asset investments
Company**

**Shares in
group
undertakings
£**

Cost or valuation

At 1 October 2019 and 30 September 2020

3,661,385

Carrying amount

At 30 September 2020

3,661,385

At 30 September 2019

3,661,385

14 Subsidiaries

Details of the company's subsidiaries at 30 September 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
				-
Ellsworth Adhesives France	France	Distribution	Ordinary	100
Ellsworth Adhesives (Deutschland) GmbH	Germany	Distribution	Ordinary	100
Ellsworth Adhesives AB	Sweden	Distribution	Ordinary	100
Ellsworth Adhesives Iberica SL	Spain	Distribution	Ordinary	100
Ellsworth Adhesives Poland	Poland	Distribution	Ordinary	100
Fisnar Europe Limited	England	Dormant	Ordinary	100
Fluid Research Limited	England	Manufacture of fluid dispensing solutions	Ordinary	100
Glue Dots International Limited	England	Dormant	Ordinary	100
John Burn & Company (Birmingham) Limited	England	Dormant	Ordinary	100
Robnor Resinlab Limited	England	Niche provider of resin systems	Ordinary	100
Ellsworth Adhesives Ireland Limited	Ireland	Distribution	Ordinary	100

Ellsworth Adhesives Limited

Notes to the financial statements (continued)

for the year ended 30 September 2020

15 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Raw materials and consumables	1,806,662	1,903,687	60,439	53,770
Work in progress	16,060	17,707	-	-
Finished goods and goods for resale	2,820,842	3,070,515	2,158,006	1,608,873
	4,643,564	4,991,909	2,218,445	1,662,643

16 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	4,170,718	3,707,927	1,510,675	1,533,503
Corporation tax recoverable	147,269	152,092	-	-
Amounts owed by group undertakings	-	-	791,447	1,157,921
Amounts owed by undertakings in which the company has a participating interest	163,140	113,860	117,985	15,753
Other debtors	67,054	163,298	-	13,211
Prepayments and accrued income	461,601	466,521	151,962	121,914
	5,009,782	4,603,698	2,572,069	2,842,302
Deferred tax asset (note 20)	4,924	-	4,540	-
	5,014,706	4,603,698	2,576,609	2,842,302
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	540,142	-
Total debtors	5,014,706	4,603,698	3,116,751	2,842,302

Ellsworth Adhesives Limited

Notes to the financial statements (continued)

for the year ended 30 September 2020

17 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Obligations under finance leases	19	4,283	4,358	-	-
Trade creditors		2,120,990	2,470,742	1,069,864	1,356,927
Amounts owed to group undertakings		-	-	34,095	4,001
Amounts owed to undertakings in which the group has a participating interest		88,910	59,760	88,910	58,238
Corporation tax payable		42,475	343,820	9,815	118,048
Other taxation and social security		261,241	236,416	63,079	75,561
Other creditors		128,602	142,304	19,175	32,638
Accruals and deferred income		1,039,380	927,677	690,222	497,648
		<u>3,685,881</u>	<u>4,185,077</u>	<u>1,975,160</u>	<u>2,143,061</u>

18 Creditors: amounts falling due after more than one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Obligations under finance leases	19	12,962	310	-	-
Other creditors		247,625	320,981	-	512
		<u>260,587</u>	<u>321,291</u>	<u>-</u>	<u>512</u>

19 Finance lease obligations

	Group 2020 £	2019 £	Company 2020 £	2019 £
Future minimum lease payments due under finance leases:				
Within one year	4,283	4,358	-	-
In two to five years	12,962	310	-	-
	<u>17,245</u>	<u>4,668</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Obligations under finance leases are secured against the assets to which they relate.

for the year ended 30 September 2020

	Group 2020	Company 2020
Movements in the year:	£	£
Liability at 1 October 2019	1,081	7,866
Credit to profit or loss	(14,815)	(12,406)
Charge to other comprehensive income	8,810	-
Asset at 30 September 2020	(4,924)	(4,540)

EAL final accounts 2020.pdf [be4f52a2-8eb7-44fe-902f-101559686e28] Page: 36 / 44

Ellsworth Adhesives Limited

Notes to the financial statements (continued)

for the year ended 30 September 2020

21 Retirement benefit schemes (continued)

Defined benefit schemes

Up to 2002, the group (through Robnor Resinlab Limited) operated a defined benefit pension scheme. The assets of the scheme are held separately from those of the company being invested with an insurance company.

A full actuarial valuation for the year ended 30 September 2020 was conducted by a qualified independent actuary.

Although the defined benefit scheme is now closed, employee contributions of £96,000 (2019 - £96,000) were paid to the defined benefit pension scheme during the year, in line with the actuarial recommendations.

	2020	2019
<i>Key assumptions</i>	%	%
Discount rate	1.6	1.85
Expected rate of increase of pensions in payment	3.45	3.6
Expected rate of salary increases	2.85	2.95
	=====	=====
<i>Mortality assumptions</i>	2020	2019
Assumed life expectations on retirement at age 65:	Years	Years
Retiring today		
- Males	86.9	87.5
- Females	89.2	89.7
	=====	=====
Retiring in 20 years		
- Males	88.2	88.8
- Females	90.6	91.1
	=====	=====
	2020	2019
<i>Amounts recognised in the profit and loss account</i>	£	£
Net interest on defined benefit liability/(asset)	3,000	-
Other costs and income	11,000	8,000
	=====	=====
Total costs	14,000	8,000
	=====	=====

Ellsworth Adhesives Limited

Notes to the financial statements (continued)

for the year ended 30 September 2020

21 Retirement benefit schemes (continued)

	2020	2019
	£	£
<i>Amounts taken to other comprehensive income</i>		
Actual return on scheme assets	18,000	(72,000)
Less: calculated interest element	29,000	40,000
	<u>47,000</u>	<u>(32,000)</u>
Return on scheme assets excluding interest income	(34,000)	284,000
	<u>13,000</u>	<u>252,000</u>

The amounts included in the balance sheet arising from obligations in respect of defined benefit plans are as follows:

	2020	2019
Group	£	£
Present value of defined benefit obligations	1,737,000	1,762,000
Fair value of plan assets	(1,591,000)	(1,547,000)
	<u>146,000</u>	<u>215,000</u>

The company had no post employment benefits at 30 September 2020 or 1 October 2019.

	Group
	2020
	£
<i>Movements in the present value of defined benefit obligations</i>	
Liabilities at 1 October 2019	1,762,000
Benefits paid	(23,000)
Actuarial gains and losses	(34,000)
Interest cost	32,000
	<u>1,737,000</u>
At 30 September 2020	<u>1,737,000</u>

The defined benefit obligations arise from plans which are wholly unfunded.

Ellsworth Adhesives Limited

Notes to the financial statements (continued)

for the year ended 30 September 2020

21 Retirement benefit schemes (continued)

	Group 2020 £
<i>Movements in the fair value of plan assets</i>	
Fair value of assets at 1 October 2019	1,547,000
Interest income	29,000
Return on plan assets (excluding amounts included in net interest)	(47,000)
Benefits paid	(23,000)
Contributions by the employer	96,000
Other	(11,000)
At 30 September 2020	<u>1,591,000</u>

Fair value of plan assets at the reporting period end

	Group 2020 £	2019 £
Equity instruments	645,000	580,000
Cash	37,000	26,000
Unit funds	840,000	876,000
Bonds	38,000	65,000
Gilts	31,000	-
	<u>1,591,000</u>	<u>1,547,000</u>

22 Share capital

	Group and company 2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
480,226 Ordinary of £1 each	<u>480,226</u>	<u>480,226</u>

Ordinary shares carry full voting and dividend rights.

23 Share premium account

Consideration received for shares issued above their nominal value net of transaction costs.

24 Merger reserve

Opening profit and loss reserve amounts of subsidiaries brought into the consolidated accounts using merger accounting.

Ellsworth Adhesives Limited**Notes to the financial statements (continued)****for the year ended 30 September 2020****25 Translation reserve**

The cumulative gains/losses in respect of transactions undertaken in foreign currencies when exchanged into the functional currency.

26 Capital redemption reserve

The nominal value of shares repurchased and still held at the end of the reporting period.

27 Other reserves

Other reserves relate to capital contributions, £2,484,247 (2019 - £2,484,247) of which are non-distributable. The remaining balance of £4,407,667 (2019 - £4,407,667) is only distributable to shareholders where the net capital contributions and retained earnings is not in deficit.

28 Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

29 Operating lease commitments**Lessee**

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Within one year	647,014	816,222	62,921	233,125
Between two and five years	1,713,729	2,068,565	107,695	180,085
In over five years	-	163,355	-	2,544
	2,360,743	3,048,142	170,616	415,754

30 Events after the reporting date

On XXX £250,000 of loans to subsidiary undertaking Ellsworth Adhesives Ireland Limited were converted to share capital.

31 Related party transactions**Remuneration of key management personnel**

The remuneration of key management personnel is as follows.

	2020	2019
	£	£
Aggregate compensation	241,979	322,166

Ellsworth Adhesives Limited**Notes to the financial statements (continued)****for the year ended 30 September 2020****31 Related party transactions (continued)****Transactions with related parties**

During the year the company entered into the following transactions with related parties:

	Sales		Purchases	
	2020	2019	2020	2019
	£	£	£	£
Company				
Other related parties	1,839	1,546	16,271	20,669

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2020	2019
	£	£
Group		
Other group entities	88,910	59,760
Company		
Other group entities	88,910	58,238
Other related parties	609	-

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2020	2019
	Balance	Balance
	£	£
Group		
Other group entities	169,140	113,860
Company		
Other group entities	117,985	15,753
Other related parties	870	-

32 Controlling party

The immediate parent company is Ellsworth Adhesives Speciality Chemical Distribution Inc, a company registered in the USA.

The ultimate controlling parties of the company by virtue of their shareholding in the ultimate parent company are Mr and Mrs P Ellsworth.

Ellsworth Adhesives Limited

Notes to the financial statements (continued)

for the year ended 30 September 2020

33 Cash generated from group operations

	2020 £	2019 £
Profit for the year after tax	174,100	1,311,621
Adjustments for:		
Taxation charged	106,533	390,931
Finance costs	26,065	17,656
Investment income	(7,095)	(1,090)
Loss on disposal of tangible fixed assets	3,716	514
Amortisation and impairment of intangible assets	21,429	21,428
Depreciation and impairment of tangible fixed assets	250,415	250,216
Pension scheme non-cash movement	14,000	(16,000)
Pension scheme contributions paid	(96,000)	(72,000)
Movements in working capital:		
Decrease/(increase) in stocks	348,345	(308,194)
(Increase)/decrease in debtors	(549,260)	1,565,530
(Decrease) in creditors	(132,778)	(399,025)
Cash generated from operations	159,470	2,761,587

34 Cash (absorbed by)/generated from operations - company

	2020 £	2019 £
Profit for the year after tax	773,606	6,721
Adjustments for:		
Taxation charged	87,787	122,889
Finance costs	1,373	3,800
Investment income	(506,996)	(1,090)
Loss on disposal of tangible fixed assets	3,716	372
Amortisation and impairment of intangible assets	21,429	21,428
Depreciation and impairment of tangible fixed assets	80,913	66,598
Amounts written off investments	-	443,227
Movements in working capital:		
Decrease/(increase) in stocks	208,209	(168,077)
(Increase)/decrease in debtors	(269,909)	263,466
Decrease in creditors	(894,277)	(176,905)
Cash (absorbed by)/generated from operations	(494,149)	582,429

Ellsworth Adhesives Limited

Notes to the financial statements (continued)

for the year ended 30 September 2020

35 Analysis of changes in net funds - group

	1 October 2019	Cash flows	New finance leases	Exchange rate movements	30 September 2020
	£	£	£	£	£
Cash at bank and in hand	3,911,006	(362,223)	-	125,722	3,674,505
Obligations under finance leases	(4,668)	6,673	(19,250)	-	(17,245)
	<u>3,906,338</u>	<u>(355,550)</u>	<u>(19,250)</u>	<u>125,722</u>	<u>3,657,260</u>

36 Analysis of changes in net funds - company

	1 October 2019	Cash flows	30 September 2020
	£	£	£
Cash at bank and in hand	528,426	(231,830)	296,596