

REGISTERED NUMBER: 00644949 (England and Wales)

PAFRA ADHESIVES LIMITED

Audited Financial Statements for the Year Ended 31 March 2019

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for the Year Ended 31 March 2019**

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PAFRA ADHESIVES LIMITED

**Company Information
for the Year Ended 31 March 2019**

Directors:

I E Gamse
E A Kochmann
J L Wosner
Dr A G Steward
S L Martin

Secretary:

S L Martin

Registered office:

New Derwent House
69-73 Theobalds Road
London
WC1X 8TA

Business address:

Bentalls
Basildon
Essex
SS14 3BU

Registered number:

00644949 (England and Wales)

Auditors:

Haines Watts (Westbury) LLP
Chartered Accountants and Statutory Auditor
South Entrance
3rd Floor
37 - 41 Bedford Row
London
WC1R 4JH

Balance Sheet
31 March 2019

		2019		2018	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	5		656,400		566,416
Tangible assets	6		1,872,732		1,919,235
Investments	7		<u>110,000</u>		<u>110,000</u>
			<u>2,639,132</u>		<u>2,595,651</u>
Current assets					
Stocks		1,395,081		1,116,274	
Debtors	8	2,119,338		1,511,010	
Cash at bank		<u>920,277</u>		<u>1,235,290</u>	
		<u>4,434,696</u>		<u>3,862,574</u>	
Creditors					
Amounts falling due within one year	9	<u>1,900,536</u>		<u>1,428,132</u>	
Net current assets			<u>2,534,160</u>		<u>2,434,442</u>
Total assets less current liabilities			<u>5,173,292</u>		<u>5,030,093</u>
Creditors					
Amounts falling due after more than one year	10		(468,897)		(600,000)
Provisions for liabilities			(56,563)		(71,705)
Pension liability	15		<u>(200,000)</u>		<u>(268,000)</u>
Net assets			<u><u>4,447,832</u></u>		<u><u>4,090,388</u></u>
Capital and reserves					
Called up share capital	12		793,710		713,710
Share premium	13		118,474		78,474
Revaluation reserve	13		1,122,412		1,122,412
Capital redemption reserve	13		810,816		810,816
Retained earnings	13		<u>1,602,420</u>		<u>1,364,976</u>
Shareholders' funds			<u><u>4,447,832</u></u>		<u><u>4,090,388</u></u>

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 of the Companies Act 2006, the Statement of comprehensive income has not been delivered.

The financial statements were approved by the Board of Directors on 30 August 2019 and were signed on its behalf by:

J L Wosner - Director

S L Martin - Director

**Notes to the Financial Statements
for the Year Ended 31 March 2019**

1. Statutory information

Pafra Adhesives Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. Accounting policies

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Preparation of consolidated financial statements

The financial statements contain information about Pafra Adhesives Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 399(2A) of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

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.

Goodwill

Goodwill acquired is capitalised and amortised over 10 years as in the opinion of the directors this represents the period over which the goodwill is effective.

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 amortise the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	Straight line over 50 years on buildings
Plant and machinery	Straight line over 4 or 10 years
Fixtures, fittings & equipment	Straight line over 4 years
Laboratory equipment	Straight line over 4 years

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 credited or charged to profit or loss.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Stocks

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

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income/Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

2. Accounting policies - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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.

Research and development

Expenditure on research and development is expensed in the year in which it is incurred.

Foreign currencies

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

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

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

The company operates a defined benefit scheme which was withdrawn for all contributing members with effect from 31 October 2001.

The company adopted FRS17-'Retirement Benefits' in full in 2005. As a result of this, the regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings. Any difference between the charge to the profit and loss account and the contributions paid to the scheme is shown as an asset or liability in the balance sheet.

Payments in respect of other post-retirement benefits are charged to profit or loss in the period to which they relate.

3. Employees and directors

The average number of employees during the year was 28 (2018 - 22) .

4. Auditors' remuneration

	2019 £	2018 £
Fees payable to the company's auditors for the audit of the company's financial statements	<u>12,438</u>	<u>12,451</u>

Included in the auditor's remuneration is £1,000 (2018: £1,000) charged to The Pafra Limited 1978 Retirement and Death Benefit Scheme.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

5. Intangible fixed assets	
	Goodwill £
Cost	
At 1 April 2018	704,176
Additions	<u>160,424</u>
At 31 March 2019	<u>864,600</u>
Amortisation	
At 1 April 2018	137,760
Charge for year	<u>70,440</u>
At 31 March 2019	<u>208,200</u>
Net book value	
At 31 March 2019	<u>656,400</u>
At 31 March 2018	<u>566,416</u>

6. Tangible fixed assets			
	Land and buildings £	Plant and machinery etc £	Totals £
Cost			
At 1 April 2018	1,775,683	1,932,452	3,708,135
Additions	<u>17,900</u>	<u>29,904</u>	<u>47,804</u>
At 31 March 2019	<u>1,793,583</u>	<u>1,962,356</u>	<u>3,755,939</u>
Depreciation			
At 1 April 2018	263,484	1,525,416	1,788,900
Charge for year	<u>14,390</u>	<u>79,917</u>	<u>94,307</u>
At 31 March 2019	<u>277,874</u>	<u>1,605,333</u>	<u>1,883,207</u>
Net book value			
At 31 March 2019	<u>1,515,709</u>	<u>357,023</u>	<u>1,872,732</u>
At 31 March 2018	<u>1,512,199</u>	<u>407,036</u>	<u>1,919,235</u>

Included in cost of land and buildings is freehold land of £ 920,000 (2018 - £ 920,000) which is not depreciated.

Freehold land and buildings were valued by Kemsley, Whiteley and Ferris Chartered Surveyors on 29 April 2015. The figure above represents the valuation plus subsequent additions.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

7. Fixed asset investments

Shares in
group
undertakings
£**Cost**At 1 April 2018
and 31 March 2019110,000**Net book value**

At 31 March 2019

110,000

At 31 March 2018

110,000

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

Pafra Limited

Registered office: UK

Nature of business: Dormant

Class of shares:	%
Ordinary	holding 100.00

2019
£**2018**
£

Aggregate capital and reserves

16,00016,000**Pafra France Sàrl**

Registered office: France

Nature of business: Adhesives manufacturer

Class of shares:	%
Ordinary	holding 80.00

2019
£**2018**
£

Aggregate capital and reserves

158,206

176,376

Profit/(loss) for the year

6,743(22,953)

8. Debtors: amounts falling due within one year

2019
£**2018**
£

Trade debtors

1,920,151

1,328,996

Amounts owed by group undertakings

172,613

142,045

Other debtors

26,57439,9692,119,3381,511,010

9. Creditors: amounts falling due within one year

2019
£**2018**
£

Bank loans and overdrafts

146,462

150,000

Trade creditors

1,483,236

1,018,534

Amounts owed to group undertakings

16,000

16,000

Taxation and social security

204,235

121,416

Other creditors

50,603122,1821,900,5361,428,132

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

10. Creditors: amounts falling due after more than one year

	2019	2018
	£	£
Bank loans	<u>468,897</u>	<u>600,000</u>

11. Leasing agreements

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2019	2018
	£	£
Within one year	61,919	74,857
Between one and five years	<u>105,811</u>	<u>120,145</u>
	<u>167,730</u>	<u>195,002</u>

12. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019	2018
			£	£
792,210	Ordinary share capital	1	792,210	712,210
1,500	Preference share capital	1	<u>1,500</u>	<u>1,500</u>
			<u>793,710</u>	<u>713,710</u>

The preference shares are no voting fixed cumulative shares with dividends of 7% payable per annum. The holders of preference shares have priority over the holders of ordinary shares in the event of the company being wound up.

On January 13 2014, S L Martin and A G Steward, directors of the company were each granted options of 80,000 ordinary shares of £1 each with an exercise price of £1.50.

The period of exercise for the share options is within 5 years from the date of grant.

S L Martin exercised these options on January 11 2019 and 80,000 Ordinary shares in the company were issued to him.

13. Reserves

	Retained earnings	Share premium	Revaluation reserve	Capital redemption reserve	Totals
	£	£	£	£	£
At 1 April 2018	1,364,976	78,474	1,122,412	810,816	3,376,678
Profit for the year	318,381				318,381
Dividends	(114,937)				(114,937)
Cash share issue	-	40,000	-	-	40,000
Other comprehensive income	34,000	-	-	-	34,000
At 31 March 2019	<u>1,602,420</u>	<u>118,474</u>	<u>1,122,412</u>	<u>810,816</u>	<u>3,654,122</u>

14. Disclosure under Section 444(5B) of the Companies Act 2006

The Report of the auditors was unqualified.

Mr Keith Graham (Senior Statutory Auditor)
for and on behalf of Haines Watts (Westbury) LLP

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

15. Employee benefit obligations

The pension scheme liability of £200,000 (2018: £268,000) consists of the scheme deficit of £247,000 (2018: £331,000) less the related deferred tax asset of £47,000 (2018: £63,000).

The company operates a pension scheme providing benefits based on final pensionable pay. On 5 October 2001 the company withdrew the scheme for all contributing members with effect from 31 October 2001. The assets of the scheme are held separately from those of the company, being invested with an insurance company. The contributions of the scheme were previously charged to the profit and loss account so as to spread the cost of the pensions over employees' working lives with the company. The contribution were determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The company adopted FRS17 - 'Retirement Benefits' in full in 2005. An independent actuarial assessment as at 31 March 2019 showed the market value of the scheme assets at the date as £3,650,000 (2018: £3,800,000).

The actuary's statement, dated 15 May 2018, is based on a valuation with an effective date of 1 May 2016. The next full actuarial valuation of the fund is due to be carried out at an effective date of the beginning of May 2019.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
Present value of funded obligations	(3,897,000)	(4,131,000)
Fair value of plan assets	<u>3,650,000</u>	<u>3,800,000</u>
	(247,000)	(331,000)
Present value of unfunded obligations	-	-
Deficit	<u>(247,000)</u>	<u>(331,000)</u>
Deferred tax asset	<u>47,000</u>	<u>63,000</u>
Net liability	<u><u>(200,000)</u></u>	<u><u>(268,000)</u></u>

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
Current service cost	-	-
Net interest on defined benefit liability	8,000	9,000
Past service cost	<u>-</u>	<u>-</u>
	<u>8,000</u>	<u>9,000</u>
Actual return on plan assets	<u><u>282,000</u></u>	<u><u>4,000</u></u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

15. Employee benefit obligations - continued

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
Opening pension scheme liabilities	4,131,000	4,427,000
Interest on scheme liabilities	101,000	107,000
Actuarial gains and losses on scheme liabilities	139,000	(111,000)
Benefits paid	(474,000)	(292,000)
	<u>3,897,000</u>	<u>4,131,000</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
Opening fair value of scheme assets	3,800,000	4,047,000
Contributions by employer	42,000	41,000
Interest on scheme assets	93,000	98,000
Actuarial gains and losses on scheme assets	189,000	(94,000)
Benefits paid	(474,000)	(292,000)
	<u>3,650,000</u>	<u>3,800,000</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
Actuarial gains/(losses)	50,000	16,640
Tax relating to actuarial gains/(losses)	(16,000)	(13,000)
	<u>34,000</u>	<u>3,640</u>

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
Equities	2,758,000	2,815,000
Bonds	603,000	773,000
Property	189,000	184,000
Cash	100,000	28,000
	<u>3,650,000</u>	<u>3,800,000</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

15. Employee benefit obligations - continued

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2019	2018
Discount rate	2.40%	2.60%
Retail Prices Index	3.20%	3.20%
Consumer Prices Index	2.50%	2.50%

	2019	2018
Mortality assumptions		
Assumed life expectations on retirement at age 65:		
Current age 65		
- Males	87.1	87.0
- Females	89.1	89.0
Current age 45		
- Males	88.4	88.4
- Females	90.6	90.6

Defined contribution scheme

The company operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held separately from those of the company. During the year the company contributed £82,207 (2018: £64,851).

16. Related party disclosures

Dividends paid to E A Kochmann comprise of Ordinary Dividends £764 (2018: £509) and Preference Dividends £53 (2018: £53).

During the year, sales of £451,304 (2018: £423,919) were made to Pafra France Sàrl. At the balance sheet date, the balance due by Pafra France Sàrl was £172,613 (£142,045) which was repaid after the year end.

At the year end, the company owed Pafra Limited £16,000 (2018: £16,000) in respect of an interest free loan.