

APOLLO CHEMICALS LIMITED

1.

DIRECTORS REPORT AND AUDITED FINANCIAL STATEMENTS

30TH APRIL 2004

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APOLLO CHEMICALS LIMITED

2.

GENERAL INFORMATION - 30TH APRIL 2004

Directors

R.F. Saunders  
G. Saunders  
A.E. Jones

Secretary

J.H. Saunders

Registered office

Ashford House,  
95, Dixons Green,  
Dudley,  
West Midlands.

Company number

1052410

Auditors

Ronald Shaw & Co.,  
Ashford House,  
95, Dixons Green,  
Dudley,  
West Midlands.

Bankers

Fortis Bank,  
Bank House,  
8, Cherry Street,  
Birmingham.

Solicitors

Waldrons,  
68, High Street,  
Brierley Hill,  
West Midlands.

## **APOLLO CHEMICALS LIMITED**

3.

### **REPORT OF THE DIRECTORS**

The directors present their annual report and the audited financial statements for the year ended 30th April 2004.

#### **Business review**

The principal activity of the company consists of manufacturing and factoring adhesives. There has been no significant change in this activity during the year.

	<b><u>2004</u></b>	<b><u>2003</u></b>
	£	£
Turnover	15,183,544	13,835,530
Loss before taxation (2003 profit)	(47,758)	476,188
Taxation	20,354	(163,052)
Loss for the year (2003 profit)	<b>£ (27,404)</b>	<b>£ 313,136</b>

All the turnover and loss before taxation arose from the above activity. An analysis of the turnover by geographical segment is given in note 2 to the financial statements.

The level of activity and the year end financial position were satisfactory. The directors expect that the present level of activity will be increased during the year ending 30th April 2005.

#### **Dividends**

The directors do not recommend the payment of a dividend.

#### **Directors**

The directors of the company at 30th April 2004, all of whom had been directors for the whole of the year ended 30th April 2004, were:-

R.F. Saunders  
G. Saunders  
A.E. Jones

In accordance with the articles of association G. Saunders and A. Jones retire by rotation and, being eligible, offer themselves for re-election.

J.H. Davis and H.A. Davis resigned on 27th February 2004.

#### **Directors interest in the shares of the company**

The director R.F. Saunders is also director of the ultimate holding company Apollo Chemicals Group Limited and accordingly particulars of their interests in that company are included within that company's directors report.

#### **Charitable contributions**

During the year the company made charitable contributions of £1,812. (2003 £328)

**APOLLO CHEMICALS LIMITED**

4.

**REPORT OF THE DIRECTORS**

(continued)

**Fixed assets**

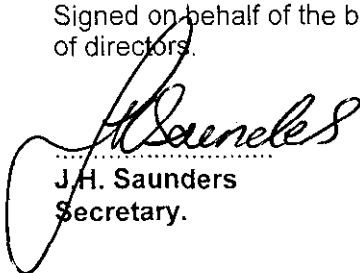
The movements in fixed assets during the year are set out in the table on page 15.

The directors are of the opinion that the value of the freehold and leasehold land and buildings is approximately £2,000,000 compared with book value of £1,229,907.

**Auditors**

A resolution in accordance with section 385, Companies Act 1985 for the re-appointment of Ronald Shaw & Co., as auditors of the company, is to be proposed at the forthcoming annual general meeting.

Signed on behalf of the board  
of directors.



J.H. Saunders  
Secretary.

Approved by the board: 23rd November 2004

**STATEMENT OF DIRECTORS RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- \* select suitable accounting policies and then apply them consistently
- \* *make judgements and estimates that are reasonable and prudent;*
- \* prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE AUDITORS TO THE MEMBERS**

We have audited the financial statements on pages 7 to 19, which have been prepared under the historical cost convention, and the accounting policies set out on pages 11 and 12.

**Respective responsibilities of directors and auditors**

As described on page 5, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

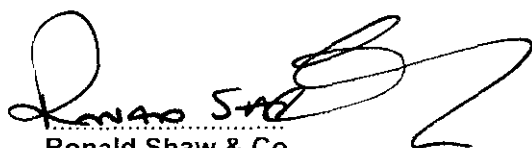
**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient, reliable and relevant evidence to give reasonable assurance that the financial statements are free from material statements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30th April 2004, and of its loss for the year than ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



Ronald Shaw & Co.  
Chartered Accountants and Registered Auditors.

Ashford House,  
95, Dixons Green,  
Dudley,  
West Midlands.

25th November 2004

**APOLLO CHEMICALS LIMITED**

7.

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH APRIL 2004**

	<b><u>Note</u></b>	<b><u>2004</u></b> <b>£</b>	<b><u>2004</u></b> <b>£</b>	<b><u>2003</u></b> <b>£</b>
<b>Turnover</b>	2		<b>15,183,544</b>	<b>13,835,530</b>
Materials and factored purchases		(9,114,946)		(7,965,913)
Other external charges		(800,481)		(670,943)
			<b>(9,915,427)</b>	<b>(8,636,856)</b>
			<b>5,268,117</b>	<b>5,198,674</b>
Staff costs	3		(3,764,371)	(3,234,419)
Depreciation written off tangible fixed assets	8		(179,250)	(296,441)
Other operating charges			(1,374,098)	(1,199,589)
<b>Operating loss (2003 profit)</b>	4		<b>(49,602)</b>	<b>468,225</b>
Interest payable	6		(11,967)	(16,040)
Bank interest received			13,811	24,003
Loss on ordinary activities before taxation (2003 profit)			<b>(47,758)</b>	<b>476,188</b>
Taxation on results on ordinary activities	7		20,354	(163,052)
Loss for the financial year (2003 profit)			<b>(27,404)</b>	<b>313,136</b>
Retained profit brought forward			<b>3,262,555</b>	<b>2,949,419</b>
<b>Retained profit carried forward</b>	18		<b>£ 3,235,151</b>	<b>£ 3,262,555</b>

None of the company's activities were acquired or discontinued during the two years ended 30th April 2004.

The notes on pages 10 to 19 form part of these financial statements

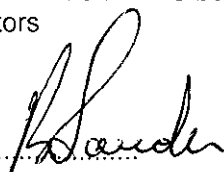
**APOLLO CHEMICALS LIMITED**

8.

**BALANCE SHEET, 30TH APRIL 2004**

	<u>Note</u>	<u>2004</u> £	<u>2004</u> £	<u>2003</u> £
Fixed assets				
Tangible	8		1,512,691	1,517,150
Investment in subsidiary	9		3	3
Life assurance policies	10		1,032	1,032
			<hr/>	<hr/>
			1,513,726	1,518,185
Current assets				
Stock	11	1,336,383		1,409,762
Debtors	12	4,575,981		3,361,828
Bank		260,634		335,839
Cash		1,733		2,919
		<hr/>		<hr/>
		6,174,731		5,110,348
Creditors				
Amounts falling due within one year	13	(3,740,397)		(2,672,507)
		<hr/>		<hr/>
Net current assets			2,434,334	2,437,841
Total assets less current liabilities			<hr/>	<hr/>
			3,948,060	3,956,026
Creditors				
Amounts falling due after more than one year	14		(97,552)	(78,114)
			<hr/>	<hr/>
<b>Net assets</b>			<b>£ 3,850,508</b>	<b>£ 3,877,912</b>
			<hr/>	<hr/>
Capital and reserves				
Called up share capital	17		1,405	1,405
Share premium account	18		139	139
Capital redemption reserve	18		667	667
Revaluation reserve	18		613,146	613,146
Profit and loss account	18		3,235,151	3,262,555
			<hr/>	<hr/>
<b>Shareholders funds</b>			<b>£ 3,850,508</b>	<b>£ 3,877,912</b>
			<hr/>	<hr/>

Signed on behalf of the board  
of directors



**R.F. Saunders**  
Director.

**Approved by the board: 23rd November 2004**

The notes on pages 10 to 19 form part of these financial statements



**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH APRIL 2004**

	<u>2004</u>	<u>2004</u>	<u>2003</u>
	£	£	£
Cash (outflow)/inflow from operating activities (note 4b)		(418,741)	541,644
Returns on investment and servicing of finance			
Interest paid	(11,967)		(16,040)
Interest received	13,811		24,003
Interest element of finance lease rental payments	(7,426)		(599)
		<u>(5,582)</u>	<u>7,364</u>
		(424,323)	549,008
UK corporation tax paid		<u>(123,053)</u>	<u>(101,739)</u>
		(547,376)	447,269
Capital expenditure			
Payments to acquire tangible fixed assets	(23,847)		(2,064)
Receipts from sale of tangible fixed assets	27,110		32,400
		<u>3,263</u>	<u>30,336</u>
Cash (outflow)/inflow before financing		(544,113)	477,605
Financing			
Capital element of finance lease rental payments		<u>(130,522)</u>	<u>(137,187)</u>
<b>(Decrease)/increase in cash (note 16)</b>		<u><b>£ (674,635)</b></u>	<u><b>£ 340,418</b></u>

**NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 2004**

**RECONCILIATION OF NET CASHFLOW TO MOVEMENTS IN NET DEBT (NOTE 16)**

	<u>2004</u>	<u>2003</u>
	£	£
(Decrease)/increase in cash in the year	(674,635)	340,418
Cash outflow from decrease in debt and lease financing	130,522	137,187
Change in net debt arising from cash flows	(544,113)	477,605
Net finance leases	(158,181)	(167,621)
Movement in net debt in the period	(702,294)	309,984
Net funds/(debt) at 1st May 2003	143,468	(166,516)
Net funds/(debt) at 30th April 2004	<u>£ (558,826)</u>	<u>£ 143,468</u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	<u>2004</u>	<u>2003</u>
	£	£
Loss for the financial year (2003 profit)	(27,404)	313,136
Total recognised loss (2003 gains) relating to the year	<u>£ (27,404)</u>	<u>£ 313,136</u>

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS**

	<u>2004</u>	<u>2003</u>
	£	£
Profit for the financial year	(27,404)	313,136
Opening shareholders funds	3,877,912	3,564,776
Closing shareholders funds	<u>£ 3,850,508</u>	<u>£ 3,877,912</u>

**NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 2004**

**1. Accounting policies**

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the company's financial statements.

**(a) Basis of accounting**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets.

The financial statements have been prepared in accordance with applicable accounting standards.

Although this company has a wholly owned subsidiary, it has taken advantage of the exemption from preparing group accounts under Section 228, on the basis that it is included in the consolidated accounts prepared by the ultimate parent company.

**(b) Turnover**

Turnover represents amounts invoiced by the company in respect of goods and services provided during the year, excluding value added tax.

**(c) Depreciation**

Depreciation is calculated so as to write off the cost of the tangible fixed assets by the following instalments over their estimated useful lives.

Freehold property	100 years
Long leasehold buildings	125 years
Short leasehold buildings	20 years
Plant and equipment	4 years
Office equipment	7 years
Motor vehicles	4 years

**(d) Leased assets**

Where assets are acquired under hire purchase agreements which give rights approximately to ownership, the amount representing the outright purchase price of such assets is included in tangible fixed assets. Depreciation is provided at rates designed to write off the net cost in equal annual amounts over the estimated useful lives of the assets. The capital element of future payments is treated as a liability and the interest element is charged to the profit and loss account as it accrues.

Expenditure on operating leases is charged to the profit and loss account on a basis representative of the benefit derived from the asset, normally on a straight line basis over the lease period.

**(e) Stock**

Stock has been valued at the lower of cost and net realisable value. Cost in the case of products manufactured by the company consists of direct material and labour costs, together with relevant factory overheads.

**(f) Creditors and stocks**

Some of the purchases of goods by the company are made on the terms that ownership of the goods shall, in general, not pass until payment. The financial statements are nevertheless drawn up on a basis that such ownership will be established in the normal course of trading.

**(g) Debtors**

Bad debts have been written off and specific provision made for any debts considered doubtful.

**NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 2004**

(continued)

**1. Accounting policies (continued)**

**(h) Pensions**

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

**(i) Foreign exchange**

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transactions. Balances denominated in a foreign currency are translated into sterling at the exchange rates ruling on the balance sheet date.

**2. Turnover**

The total turnover arose from the activity of manufacturing and factoring adhesives. The analysis of turnover by geographical area is as follows:-

	<b><u>2004</u></b>	<b><u>2003</u></b>
	£	£
United Kingdom	14,250,257	13,338,766
Eire	115,498	126,065
Rest of Europe	644,418	336,720
Middle East	16,664	2,537
Far East	22,390	28,757
South America	61	-
United States of America	45,881	1,803
Australia	-	399
South Africa	1,490	483
India	53,931	-
Canada	1,927	-
China	31,027	-
	<b>£15,183,544</b>	<b>£13,835,530</b>

**3. Staff numbers and costs**

The average number of persons employed by the company during the year was as follows:-

	<b><u>2004</u></b>	<b><u>2003</u></b>
Management	5	5
Administration	12	12
Sales and technical	16	16
Production	48	46
	<b>81</b>	<b>79</b>

The aggregate payroll costs of those persons was as follows:-

	<b><u>2004</u></b>	<b><u>2003</u></b>
	£	£
Wages and salaries	3,607,416	2,952,015
Social security	344,968	315,895
Pension scheme contributions	126,987	181,945
Employee benefit trust repaid	(315,000)	(215,436)
	<b>£ 3,764,371</b>	<b>£ 3,234,419</b>

**APOLLO CHEMICALS LIMITED**

13.

**NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 2004**

(continued)

**4. Operating Loss (2003 profit)**

(a) The operating loss is arrived at after charging:-

	<u>2004</u>	<u>2003</u>
	£	£
Depreciation of tangible fixed assets		
Owned	76,934	212,004
Held under hire purchase contracts	102,316	84,437
	<hr/>	<hr/>
	179,250	296,441
Directors emoluments for management (see note 5)	1,644,771	1,021,147
Directors life assurance policies	26,412	29,143
Employee Benefit trust repaid	(315,000)	(215,436)
Auditors remuneration and expenses	9,500	9,500
	<hr/>	<hr/>

(b) Reconciliation of operating loss to net cash inflow from operating activities

	<u>2004</u>	<u>2003</u>
	£	£
Operating loss (2003 profit)	(49,602)	468,225
Depreciation of tangible fixed assets	179,250	296,441
(Profit)/loss on sale of tangible fixed assets	(19,873)	2,450
Decrease in stocks	73,379	57,512
(Increase) in operating debtors and prepayments	(1,167,307)	(509,942)
Increase in operating creditors and accruals	565,412	226,958
	<hr/>	<hr/>
	£ (418,741)	£ 541,644
	<hr/>	<hr/>

**5. Directors emoluments**

	<u>2004</u>	<u>2003</u>
	£	£
Emoluments	1,644,771	1,021,147
	<hr/>	<hr/>
Emoluments of highest paid director	1,297,582	344,000
	<hr/>	<hr/>

The above amounts include non-cash assets valued at £997,582 which were awarded to one of the directors as a reward for their services in the period.

Company contributions paid to money purchase pension scheme

	£	£
	-	-
	<hr/>	<hr/>
	2	2
	<hr/>	<hr/>

Members of money purchase pensions

**6. Interest payable**

	<u>2004</u>	<u>2003</u>
	£	£
On overdrafts and loans repayable within five years:-		
Bank interest	3,386	-
Hire purchase	8,581	16,040
	<hr/>	<hr/>
	£ 11,967	£ 16,040
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 2004**

(continued)

**7. Taxation**

	<u>2004</u>	<u>2003</u>
	£	£
Taxation based on the taxable profit for the year:-		
Corporation tax 0% (2003 29.07%)	-	163,052
Overprovision on prior year	(20,354)	-
	<u>£ (20,354)</u>	<u>£ 163,052</u>

The tax charge for the year has been reduced by:-

Capital allowances	<u>£ 58,847</u>	<u>£ 64,064</u>
--------------------	-----------------	-----------------

No provision for deferred taxation has been made in relation to the revaluation of freehold and leasehold land and buildings included in the revaluation reserve. If the interest in freehold and leasehold land and buildings were disposed of at its balance sheet amount it is estimated that the tax liability would amount to approximately £20,000.

**APOLLO CHEMICALS LIMITED**  
**NOTES TO THE ACCOUNTS - 30TH APRIL 2004**  
(continued)

**8. Fixed assets - Tangible**

	Freehold land and buildings £	Long leasehold land and buildings £	Short leasehold land and buildings £	Plant and equipment £	Office equipment £	Motor vehicles £	Total £
Cost or valuation							
Opening balance	418,671	957,685	5,344	2,336,025	298,817	486,744	4,503,286
Additions	-	-	-	60,919	18,143	102,966	182,028
Disposals	-	-	-	(7,000)	-	(91,463)	(98,463)
Closing balance	418,671	957,685	5,344	2,389,944	316,960	498,247	4,586,851
Cost							
Valuation (1990)	118,671	272,852	5,344	2,389,944	316,960	498,247	3,602,018
	300,000	684,833	-	-	-	-	984,833
	418,671	957,685	5,344	2,389,944	316,960	498,247	4,586,851
Depreciation							
Opening balance	16,749	120,506	3,478	2,221,015	276,439	347,949	2,986,136
Charge for the year	4,187	6,605	268	60,688	12,433	95,069	179,250
Disposals	-	-	-	(7,000)	-	(84,226)	(91,226)
Closing balance	20,936	127,111	3,746	2,274,703	288,872	358,792	3,074,160
Net book value							
<b>30th April 2004</b>	<b>£ 397,735</b>	<b>£ 830,574</b>	<b>£ 1,598</b>	<b>£ 115,241</b>	<b>£ 28,088</b>	<b>£ 139,455</b>	<b>£ 1,512,691</b>
<b>30th April 2003</b>	<b>£ 401,922</b>	<b>£ 837,179</b>	<b>£ 1,866</b>	<b>£ 115,010</b>	<b>£ 22,378</b>	<b>£ 138,795</b>	<b>£ 1,517,150</b>
Assets held under hire purchase contracts							
30th April 2004	£ -	£ -	£ -	£ 73,372	£ -	£ 124,548	£ 197,920
30th April 2003	£ -	£ -	£ -	£ 68,337	£ -	£ 108,983	£ 177,320

**NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 2004**

(continued)

**8. Fixed assets - Tangible (continued)**

	<u>2004</u>	<u>2003</u>
	£	£
Particulars relating to revalued assets are given below:		
Freehold land and buildings		
1990 open market value	300,000	300,000
Aggregate depreciation	(15,000)	(12,000)
Net book value	<u>£ 285,000</u>	<u>£ 288,000</u>
Historical cost of revalued assets	<u>£ 99,555</u>	<u>£ 99,555</u>
Long leasehold land and buildings		
1990 open market value	684,833	684,833
Aggregate depreciation	(120,611)	(114,005)
Net book value	<u>£ 564,222</u>	<u>£ 570,828</u>
Historical cost of revalued assets	272,132	272,132
Aggregate depreciation based on historical cost	(88,786)	(81,626)
Historical cost net book value	<u>£ 183,346</u>	<u>£ 190,506</u>

The leasehold buildings are on land which has been leased for a term of 125 years from 12th December 1974. Freehold land and buildings have been amortised over 100 years.

Other tangible fixed assets including subsequent additions to land and buildings are included at cost.

The directors are not aware of any material change in the property values.

**9. Fixed assets - Investments in subsidiaries**

	<u>2004</u>	<u>2003</u>
	£	£
Raleigh Adhesive Coatings Limited (wholly owned)	<u>3</u>	<u>3</u>

The company's investment in subsidiary undertaking represents the cost of acquisition of 100% of the ordinary share capital of Raleigh Adhesives Coatings Limited a company registered in England and Wales, which provides adhesive tapes.

At 30th April 2004, the aggregate share capital and reserves of the subsidiary undertaking amounted to £1,368,413 (2003 £1,240,144) and the profit for the year was £128,269 (2003 £277,752).

**10. Life assurance policies**

	<u>2004</u>	<u>2003</u>
	£	£
Premiums paid to date	<u>1,032</u>	<u>1,032</u>

The policies are on the lives of directors



**NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 2004**

(continued)

**11. Stock**

	<u>2004</u>	<u>2003</u>
	£	£
Raw materials	603,562	695,768
Finished goods	593,514	537,849
Equipment for resale	15,147	16,187
Packing materials	123,556	157,338
Stationery	604	2,620
	<u>£ 1,336,383</u>	<u>£ 1,409,762</u>

**12. Debtors - Amounts falling due within one year**

	<u>2004</u>	<u>2003</u>
	£	£
Trade debtors	3,866,541	3,277,169
Prepayments	385,087	84,159
Other debtors	277,507	500
Corporation tax	46,846	-
	<u>£ 4,575,981</u>	<u>£ 3,361,828</u>

**13. Creditors - Amounts falling due within one year**

	<u>2004</u>	<u>2003</u>
	£	£
Bank overdraft	598,244	-
Amounts due on hire purchase	105,465	104,670
Trade creditors	1,242,110	1,149,349
Value Added Tax	240,095	221,403
Taxation	35,168	61,307
Social security	37,275	25,145
Corporation tax	-	96,561
Other creditors	105,359	5,199
Accruals	469,129	452,694
Amounts due to subsidiary company Raleigh Adhesive Coatings Limited	907,538	303,650
Amounts due to holding company Apollo Chemicals Holdings Limited	14	14
Directors loans	-	252,515
	<u>£ 3,740,397</u>	<u>£ 2,672,507</u>

The bank borrowing is secured by:-

- (a) Unlimited debenture dated 17th May 1990
- (b) Charge over leasehold factory, Plot 11,  
    Sandy Way, Amington, Tamworth, Staffordshire.
- (c) Charge over freehold property at Sandy Way,  
    Amington, Tamworth.

**14. Creditors - Amounts falling due after more than one year**

	<u>2004</u>	<u>2003</u>
	£	£
Amounts due on hire purchase, repayable within five years	97,552	78,114

**NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 2004**

(continued)

**15. Obligations under hire purchase**

	<u>2004</u>	<u>2003</u>
	£	£
Amounts payable within one year	116,876	113,656
Amounts payable after more than one year In the second to fifth years inclusive	106,073	81,634
	<hr/> 222,949	<hr/> 195,290
Less:		
Finance charges allocated to future periods	(19,932)	(12,506)
	<hr/> £ 203,017	<hr/> £ 182,784
Disclosed as:-		
Creditors - Amounts falling due within one year	105,465	104,670
Creditors - Amounts falling due after more than one year	97,552	78,114
	<hr/> £ 203,017	<hr/> £ 182,784

**16. Analysis of changes in net debt**

	<u>At 1st May 2003</u>	<u>Cash flows</u>	<u>Other changes</u>	<u>At 30th April 2004</u>
	£	£	£	£
Bank and cash	338,758	(76,391)	-	262,367
Overdraft	-	(598,244)	-	(598,244)
	<hr/> 338,758	<hr/> (674,635)	<hr/> -	<hr/> (335,877)
Finance lease	(195,290)	130,522	(158,181)	(222,949)
	<hr/> £ 143,468	<hr/> £ (544,113)	<hr/> £ (158,181)	<hr/> £ (558,826)

**17. Share capital**

	<u>2004</u>	<u>2003</u>
	£	£
<u>Authorised</u>		
Ordinary shares of £1 each	15,000	15,000
"B" shares of £1 each	71	71
	<hr/> £ 15,071	<hr/> £ 15,071
<u>Allocated, called up and fully paid</u>		
Ordinary shares of £1 each	1,334	1,334
"B" shares of £1 each	71	71
	<hr/> £ 1,405	<hr/> £ 1,405

The "B" shares hold no voting rights.

**NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 2004**

(continued)

**18. Reserves**

	<u>Capital Redemption Reserve</u> £	<u>Share Premium Account</u> £	<u>Revaluation Reserve</u> £	<u>Profit and loss account</u> £	<u>Total</u> £
Balance at 1st May 2003	667	139	613,146	3,262,555	3,876,507
Retained loss for the year	-	-	-	(27,404)	(27,404)
<b>Balance at 30th April 2004</b>	<b>£ 667</b>	<b>£ 139</b>	<b>£ 613,146</b>	<b>£ 3,235,151</b>	<b>£ 3,849,103</b>

**19. Contingent liabilities**

The company has given an unlimited guarantee to its subsidiary company Raleigh Adhesives Coatings Limited. In the opinion of the directors no liability will arise under this guarantee.

**20. Capital commitments**

- (a) There was no capital expenditure contracted for or approved by the directors for which contracts had not been placed. (2003 Nil).
- (b) At 30th April 2004 the company had annual commitments under operating leases falling due in the year ending 30th April 2004, as follows:-

	<u>Land and buildings</u> £	<u>Other assets</u> £
Operating leases which expire Between 2 and 5 years	91,850	3,972
Over 5 years	37,250	-
	<b>£ 129,100</b>	<b>£ 3,972</b>

**21. Connected party transactions**

Transactions with fellow subsidiary undertakings during the year were conducted in the normal course of business:

	<u>2004</u> £	<u>2003</u> £
<u>R.F. Saunders</u>		
Sales to Raleigh Adhesive Coatings Limited	49,799	20,937
Purchases from Raleigh Adhesive Coatings Limited	3,653,291	3,100,107
Management charges to Raleigh Adhesive Coatings Limited	225,600	200,000

**22. Holding company**

The company's ultimate holding company is Apollo Chemicals Holdings Limited, a company registered in England and Wales.