

COMPANY REGISTRATION NUMBER 1052410

**APOLLO CHEMICALS LIMITED**  
**FINANCIAL STATEMENTS**  
**30 APRIL 2007**



**RONALD SHAW & CO**  
Chartered Accountants & Registered Auditors  
Ashford House  
95 Dixons Green  
Dudley  
West Midlands

# **APOLLO CHEMICALS LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 30 APRIL 2007**

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**APOLLO CHEMICALS LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

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**The board of directors**

Mr A E Jones  
Mr R F Saunders  
Mrs G Saunders

**Company secretary**

Mr J H Saunders

**Registered office**

Ashford House  
95 Dixons Green  
Dudley  
West Midlands

**Auditor**

RONALD SHAW & CO  
Chartered Accountants  
& Registered Auditors  
Ashford House  
95 Dixons Green  
Dudley  
West Midlands

**Bankers**

Fortis Bank  
Camomile Court  
23 Camomile Street  
London

**Solicitors**

Waldrons Solicitors  
Wychbury Court  
Two Woods Lane  
Brierley Hill  
West Midlands

# APOLLO CHEMICALS LIMITED

## THE DIRECTORS' REPORT

YEAR ENDED 30 APRIL 2007

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 April 2007

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

	2007 £	2006 £
Turnover	<u>16,070,300</u>	<u>14,448,970</u>
Profit before taxation	1,365,648	54,189
Taxation	<u>74,941</u>	<u>9,872</u>
Profit for the year	<u>1,290,707</u>	<u>44,317</u>

All the turnover and profit 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 2007.

### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,290,707. Particulars of dividends paid are detailed in note 9 to the financial statements.

### FINANCIAL INSTRUMENTS

Details of the company's financial risk management objectives and policies are included in note 17 to the accounts.

### DIRECTORS

The directors who served the company during the year were as follows:

Mr A E Jones  
Mr R F Saunders  
Mrs G Saunders

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

## **APOLLO CHEMICALS LIMITED**

### **THE DIRECTORS' REPORT *(continued)***

**YEAR ENDED 30 APRIL 2007**

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#### **DIRECTORS' RESPONSIBILITIES**

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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**APOLLO CHEMICALS LIMITED**

**THE DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 30 APRIL 2007**

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**AUDITOR**

A resolution to re-appoint RONALD SHAW & CO as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

Registered office  
Ashford House  
95 Dixons Green  
Dudley  
West Midlands

Signed by order of the directors



MR J H SAUNDERS  
Company Secretary

Approved by the directors on 15 October 2007

**APOLLO CHEMICALS LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**  
**APOLLO CHEMICALS LIMITED**  
**YEAR ENDED 30 APRIL 2007**

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We have audited the financial statements of Apollo Chemicals Limited for the year ended 30 April 2007 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**BASIS OF AUDIT OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 made 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 evidence to give reasonable assurance that the financial statements are free from material misstatement, 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.

**APOLLO CHEMICALS LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**  
**APOLLO CHEMICALS LIMITED** *(continued)*

**YEAR ENDED 30 APRIL 2007**

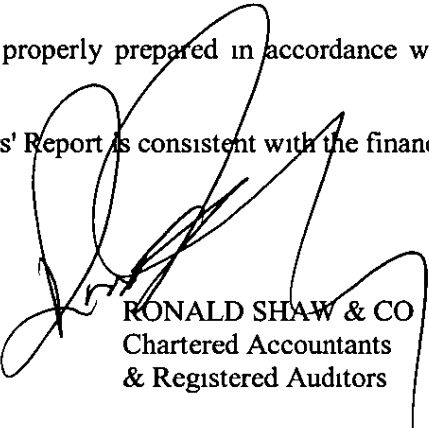
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**OPINION**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 April 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Ashford House  
95 Dixons Green  
Dudley  
West Midlands



RONALD SHAW & CO  
Chartered Accountants  
& Registered Auditors

Our audit was completed on 16 October 2007 and our opinion was expressed at that date



# **APOLLO CHEMICALS LIMITED**

## **PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 30 APRIL 2007**

		2007	2006
	Note	£	£
<b>TURNOVER</b>	<b>2</b>	<b>16,070,300</b>	<b>14,448,970</b>
Change in stocks of finished goods and stationery		<u>20,337</u>	<u>(117,958)</u>
		<b>16,090,637</b>	<b>14,331,012</b>
<b>OPERATING COSTS:</b>			
Raw materials and consumables		10,155,337	8,669,453
Other external charges		858,362	792,833
Staff costs	3	2,989,868	3,178,154
Depreciation written off fixed assets	4	163,847	175,950
Other operating charges		<u>1,645,802</u>	<u>1,517,287</u>
<b>OPERATING PROFIT/(LOSS)</b>	<b>4</b>	<b>277,421</b>	<b>(2,665)</b>
Income from shares in group undertakings	6	1,100,000	—
Interest receivable		11,142	75,394
Interest payable and similar charges	7	<u>(22,915)</u>	<u>(18,540)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>1,365,648</b>	<b>54,189</b>
Tax on profit on ordinary activities	8	74,941	9,872
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><b>£1,290,707</b></u>	<u><b>£44,317</b></u>

All of the activities of the company are classed as continuing

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

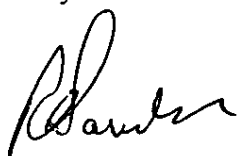
# APOLLO CHEMICALS LIMITED

## BALANCE SHEET

30 APRIL 2007

	Note	2007 £	2006 £
<b>FIXED ASSETS</b>			
Tangible assets	10	1,441,772	1,521,816
Investments	11	3	3
		<u>1,441,775</u>	<u>1,521,819</u>
<b>CURRENT ASSETS</b>			
Stocks	12	1,068,654	943,200
Debtors	13	3,930,678	3,226,863
Cash at bank		1,581	2,979
		<u>5,000,913</u>	<u>4,173,042</u>
<b>CREDITORS: Amounts falling due within one year</b>	14	<u>2,563,434</u>	<u>2,624,655</u>
<b>NET CURRENT ASSETS</b>		<u>2,437,479</u>	<u>1,548,387</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,879,254</u>	<u>3,070,206</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	15	<u>172,497</u>	<u>154,156</u>
		<u><b>£3,706,757</b></u>	<u><b>£2,916,050</b></u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	21	1,405	1,405
Share premium account	22	139	139
Revaluation reserve	22	613,146	613,146
Other reserves	22	667	667
Profit and loss account	22	3,091,400	2,300,693
<b>SHAREHOLDERS' FUNDS</b>	22	<u><b>£3,706,757</b></u>	<u><b>£2,916,050</b></u>

These financial statements were approved by the directors on the 15 October 2007 and are signed on their behalf by



Mr R F Saunders  
Director

# **APOLLO CHEMICALS LIMITED**

## **CASH FLOW STATEMENT**

**YEAR ENDED 30 APRIL 2007**

	Note	2007 £	2006 £
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>	<b>23</b>	<b>(932,670)</b>	<b>736,971</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<b>24</b>	<b>1,088,227</b>	<b>56,854</b>
<b>TAXATION</b>	<b>25</b>	<b>(8,673)</b>	<b>39,591</b>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>	<b>26</b>	<b>(83,803)</b>	<b>(153,268)</b>
<b>EQUITY DIVIDENDS PAID</b>		<b>(500,000)</b>	<b>(1,000,000)</b>
<b>CASH OUTFLOW BEFORE FINANCING</b>		<b>(436,919)</b>	<b>(319,852)</b>
<b>FINANCING</b>	<b>27</b>	<b>53,707</b>	<b>(21,623)</b>
<b>DECREASE IN CASH</b>	<b>28</b>	<b>£(383,212)</b>	<b>£(341,475)</b>

The notes on pages 10 to 23 form part of these financial statements

**APOLLO CHEMICALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2007**

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**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets and financial instruments

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

**Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax

**Fixed assets**

All fixed assets are initially recorded at cost

**Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows.

Freehold Property	- 100 years
Long Leasehold Property	- 125 years
Plant & Equipment	- 4 years
Office Equipment	- 7 years
Motor Vehicles	- 4 years

**Stocks**

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

**Work in progress**

Stationery is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of stationery

**Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis

**APOLLO CHEMICALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2007**

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**1. ACCOUNTING POLICIES** *(continued)*

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

**Pension costs**

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

**Foreign currencies**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are taken to the profit and loss account. Exchange differences arising on non-monetary items, carried at fair value, are included in the profit and loss account, except for the differences arising on the retranslation of non-monetary items in respect of which gains and losses are recorded in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

**Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**Trade and other debtors**

Trade and other debtors are recognised and carried forward at invoice amounts less provisions for any doubtful debts. Bad debts are written off when identified.

**Cash and cash equivalents**

Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

**APOLLO CHEMICALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2007**

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**1. ACCOUNTING POLICIES** *(continued)*

Interest-bearing loans and borrowings

All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received, net of issue costs associated with the borrowing

After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. Gains or losses are recognised in the profit and loss account when liabilities are derecognised or impaired, as well as through the amortisation process

**2. TURNOVER**

The total turnover arose from the activity of manufacturing and factoring adhesives

The analysis of turnover by geographical area is as follows -

	2007 £	2006 £
United Kingdom	14,194,561	12,911,588
Eire	342,046	176,433
Rest of Europe	1,241,326	1,072,728
Middle East	68,241	43,455
Far East	3,573	5,454
South America	10,840	9,000
United States of America	10,458	13,137
India	64,702	98,143
China	127,061	80,874
Australia	197	-
South Africa	7,295	38,158
	<u>16,070,300</u>	<u>14,448,970</u>

**APOLLO CHEMICALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2007**

**3. PARTICULARS OF EMPLOYEES**

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

	2007	2006
	No	No
Number of production staff	48	45
Number of administrative staff	16	16
Number of management staff	3	3
Number of sales and technical staff	19	19
	<u>86</u>	<u>83</u>

The aggregate payroll costs of the above were

	2007	2006
	£	£
Wages and salaries	2,609,381	2,725,901
Social security costs	271,074	347,726
Other pension costs	83,001	78,115
Directors life assurance policies	26,412	26,412
	<u>£2,989,868</u>	<u>£3,178,154</u>

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

Operating profit/(loss) is stated after charging

	2007	2006
	£	£
Depreciation of owned fixed assets	37,529	71,089
Depreciation of assets held under hire purchase agreements	142,163	116,561
Profit on disposal of fixed assets	(15,845)	(11,700)
Operating lease costs		
Land and buildings	129,100	129,100
Office equipment	4,708	4,237
Auditor's remuneration		
- as auditor	<u>9,500</u>	<u>9,500</u>

**5. DIRECTORS' EMOLUMENTS**

The directors' aggregate emoluments in respect of qualifying services were

	2007	2006
	£	£
Emoluments receivable	<u>548,732</u>	<u>588,952</u>

**APOLLO CHEMICALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2007**

**5. DIRECTORS' EMOLUMENTS** *(continued)*

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

	2007 No	2006 No
Money purchase schemes	<u>1</u>	<u>1</u>

**6. DIVIDENDS RECEIVED**

	2007 £	2006 £
Income from subsidiary company - Raleigh Adhesive Coatings Limited	<u>1,100,000</u>	<u>—</u>

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	2007 £	2006 £
Interest payable on bank borrowing	2,114	2,221
Hire purchase interest	<u>20,801</u>	<u>16,319</u>
	<u>£22,915</u>	<u>£18,540</u>

**8. TAXATION ON ORDINARY ACTIVITIES****(a) Analysis of charge in the year**

	2007 £	2006 £
Current tax		
UK Corporation tax based on the results for the year at 28.63% (2006 - 19%)	71,499	5,231
Over/under provision in prior year	<u>3,442</u>	<u>4,641</u>
Total current tax	<u>£74,941</u>	<u>£9,872</u>



**APOLLO CHEMICALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2007**

**8. TAXATION ON ORDINARY ACTIVITIES** *(continued)*

**(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28.63% (2006 - 19%)

	2007 £	2006 £
Profit on ordinary activities before taxation	<u>1,365,648</u>	<u>54,189</u>
Profit/(loss) on ordinary activities by rate of tax	390,985	10,296
Expenses not deductible for tax purposes	1,958	828
Capital allowances for period in excess of depreciation	(337)	(5,893)
Utilisation of tax losses	(6,177)	-
Adjustments to tax charge in respect of previous periods	3,442	4,641
Sundry tax adjusting items	<u>(314,930)</u>	<u>-</u>
Total current tax (note 8(a))	<u>£74,941</u>	<u>£9,872</u>

**(c) Factors that may affect future tax charges**

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 £6,000

**9. DIVIDENDS**

**Equity dividends**

	2007 £	2006 £
Paid		
Equity dividends on ordinary shares	<u>500,000</u>	<u>1,000,000</u>

**APOLLO CHEMICALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2007**

**10. TANGIBLE FIXED ASSETS**

	Freehold & Leasehold Property £	Plant & Equipment £	Office Equipment £	Motor Vehicles £	Total £
<b>COST OR VALUATION</b>					
At 1 May 2006	1,381,700	2,590,476	331,246	460,567	4,763,989
Additions	–	26,800	–	86,468	113,268
Disposals	–	(4,496)	–	(147,223)	(151,719)
<b>At 30 April 2007</b>	<b>1,381,700</b>	<b>2,612,780</b>	<b>331,246</b>	<b>399,812</b>	<b>4,725,538</b>
<b>DEPRECIATION</b>					
At 1 May 2006	173,918	2,464,185	306,527	297,543	3,242,173
Charge for the year	11,062	70,933	7,541	90,156	179,692
On disposals	–	(1,881)	–	(136,218)	(138,099)
<b>At 30 April 2007</b>	<b>184,980</b>	<b>2,533,237</b>	<b>314,068</b>	<b>251,481</b>	<b>3,283,766</b>
<b>NET BOOK VALUE</b>					
<b>At 30 April 2007</b>	<b>1,196,720</b>	<b>79,543</b>	<b>17,178</b>	<b>148,331</b>	<b>1,441,772</b>
At 30 April 2006	1,207,782	126,291	24,719	163,024	1,521,816
				2007 £	2006 £
<b>COST OR VALUATION</b>					
Freehold				418,671	418,671
Long leasehold				957,685	957,685
Short leasehold				5,344	5,344
				<b>1,381,700</b>	<b>1,381,700</b>
<b>DEPRECIATION</b>					
Freehold				(33,498)	(29,311)
Long leasehold				(146,996)	(140,393)
Short leasehold				(4,486)	(4,214)
				<b>(184,980)</b>	<b>(173,918)</b>

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 additions to land and buildings are included at cost.

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

**APOLLO CHEMICALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2007**

**10. TANGIBLE FIXED ASSETS** *(continued)*

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows

	Freehold Property £	Long Leasehold Property £	Total £
<b>Net book value at end of year</b>	<u>385,173</u>	<u>810,689</u>	<u>1,195,862</u>
<b>Historical cost</b>	<u>218,226</u>	<u>544,984</u>	<u>763,210</u>
<b>Depreciation:</b>			
At 1 May 2006	15,276	79,840	95,116
Charge for year	<u>2,182</u>	<u>3,760</u>	<u>5,942</u>
At 30 April 2007	<u>17,458</u>	<u>83,600</u>	<u>101,058</u>
<b>Net historical cost value:</b>			
At 30 April 2007	<u>200,768</u>	<u>461,384</u>	<u>662,152</u>
At 1 May 2006	<u>202,950</u>	<u>465,144</u>	<u>668,094</u>

**Hire purchase agreements**

Included within the net book value of £1,441,772 is £251,921 (2006 - £218,460) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £142,163 (2006 - £116,561)

**11. INVESTMENTS**

**Raleigh Adhesive Coatings Limited**  
**(wholly owned)**

	£
<b>COST</b>	
At 1 May 2006 and 30 April 2007	<u>3</u>
<b>NET BOOK VALUE</b>	
At 30 April 2007	<u>3</u>
At 30 April 2006	<u>3</u>

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

At 30th April 2007, the aggregate share capital and reserves of the subsidiary undertaking amounted to £626,334 (2006 £1,505,741) and the profit for the year was £220,593 (2006 £77,229)

**APOLLO CHEMICALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2007**

**12. STOCKS**

	2007	2006
	£	£
Raw materials	744,701	633,990
Stationery	1,308	6,902
Finished goods	322,645	302,308
	<u>£1,068,654</u>	<u>£943,200</u>

**13. DEBTORS**

	2007	2006
	£	£
Trade debtors	3,488,214	3,139,232
Amounts due from subsidiary company - Raleigh Adhesive Coatings Limited	161,691	—
Amounts due from ultimate holding company - Apollo Chemicals Group Limited	25,000	25,000
Other debtors	194,836	1,032
Prepayments and accrued income	60,937	61,599
	<u>£3,930,678</u>	<u>£3,226,863</u>

**14. CREDITORS: Amounts falling due within one year**

	2007	2006
	£	£
Bank loans and overdrafts	401,145	19,331
Trade creditors	1,248,743	1,218,706
Amounts due to subsidiary company- Raleigh Adhesive Coatings Limited	—	422,206
Corporation tax	71,499	5,231
PAYE and social security	105,600	224,726
VAT	168,405	119,770
Hire purchase agreements	140,008	104,642
Other creditors	194,998	95,198
Directors current accounts	133,373	91,114
Accruals and deferred income	99,663	323,731
	<u>£2,563,434</u>	<u>£2,624,655</u>

**15. CREDITORS: Amounts falling due after more than one year**

	2007	2006
	£	£
Hire purchase agreements	<u>172,497</u>	<u>154,156</u>

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**16. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS**

Future commitments under hire purchase agreements are as follows

	2007 £	2006 £
Amounts payable within 1 year	140,008	104,642
Amounts payable between 2 to 5 years	172,497	154,156
	<u>312,505</u>	<u>258,798</u>

**17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The company holds or issues financial instruments in order to achieve three main objectives, being

(a) to finance its operations,

(b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance, and

(c) for trading purposes

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations

**18. COMMITMENTS UNDER OPERATING LEASES**

At 30 April 2007 the company had annual commitments under non-cancellable operating leases as set out below

	2007		2006	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire				
Within 2 to 5 years	91,850	16,964	91,850	16,495
After more than 5 years	37,250	-	37,250	-
	<u>£129,100</u>	<u>£16,964</u>	<u>£129,100</u>	<u>£16,495</u>

**19. CONTINGENCIES**

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

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**20. RELATED PARTY TRANSACTIONS**

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

R F Saunders

Sales to

Raleigh Adhesive Coatings Limited £24,377 (2006 £46,814)

Purchases from

Raleigh Adhesive Coatings Limited £3,959 346 (2006 £3,795,596)

Management charges from

Apollo Chemicals Group Limited £65,000 (2006 £95,000)

R F Saunders other interests

Sales to

Apollo Tactile Limited £206,410 (2006 £ Nil)

Balance - Amounts due from

Apollo Tactile Limited £188,204) (2006 £ Nil)

**21. SHARE CAPITAL**

**Authorised share capital:**

	2007	2006
	£	£
15,000 Ordinary shares of £1 each	15,000	15,000
71 Ordinary "B" shares of £1 each	71	71
	<u>£15,071</u>	<u>£15,071</u>

**Allotted, called up and fully paid:**

	2007		2006	
	No	£	No	£
Ordinary shares of £1 each	1,334	1,334	1,334	1,334
Ordinary "B" shares of £1 each	71	71	71	71
	<u>£1,405</u>	<u>£1,405</u>	<u>£1,405</u>	<u>£1,405</u>

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**22. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES**

	Share capital £	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £	Total share- holders' funds £
Balance brought forward	1,405	139	613,146	667	3,256,376	3,871,733
Profit for the year	—	—	—	—	44,317	44,317
Equity dividends	—	—	—	—	(1,000,000)	(1,000,000)
Balance brought forward	£1,405	£139	£613,146	£667	£2,300,693	£2,916,050
Profit for the year	—	—	—	—	1,290,707	1,290,707
Equity dividends	—	—	—	—	(500,000)	(500,000)
Balance carried forward	£1,405	£139	£613,146	£667	£3,091,400	£3,706,757

**23. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	2007 £	2006 £
Operating profit/(loss)	277,421	(2,665)
Depreciation	179,692	187,650
Profit on disposal of fixed assets	(15,845)	(11,700)
(Increase)/decrease in stocks	(125,454)	168,357
(Increase)/decrease in debtors	(703,815)	161,514
(Decrease)/increase in creditors	(544,669)	233,815
Net cash (outflow)/inflow from operating activities	£(932,670)	£736,971

**24. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

	2007 £	2006 £
Income from group undertakings	1,100,000	—
Interest received	11,142	75,394
Interest paid	(2,114)	(2,221)
Interest element of hire purchase	(20,801)	(16,319)
Net cash inflow from returns on investments and servicing of finance	1,088,227	56,854

**APOLLO CHEMICALS LIMITED**  
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**25. TAXATION**

	2007	2006
	£	£
TAXATION	<u>(8,673)</u>	<u>39,591</u>

**26. CAPITAL EXPENDITURE**

	2007	2006
	£	£
Payments to acquire tangible fixed assets	(113,268)	(164,968)
Receipts from sale of fixed assets	<u>29,465</u>	<u>11,700</u>
Net cash outflow from capital expenditure	<u>(83,803)</u>	<u>(153,268)</u>

**27. FINANCING**

	2007	2006
	£	£
Capital element of hire purchase	<u>53,707</u>	<u>(21,623)</u>
Net cash inflow/(outflow) from financing	<u>53,707</u>	<u>(21,623)</u>

**28. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	2007	2006
	£	£
Decrease in cash in the period	(383,212)	(341,475)
Cash outflow in respect of hire purchase	<u>(53,707)</u>	<u>21,623</u>
	(436,919)	(319,852)
Change in net debt	(436,919)	(319,852)
Net debt at 1 May 2006	<u>(275,150)</u>	<u>44,702</u>
Net debt at 30 April 2007	<u>£(712,069)</u>	<u>£(275,150)</u>

**29. ANALYSIS OF CHANGES IN NET DEBT**

	At 1 May 2006	Cash flows	At 30 Apr 2007
	£	£	£
Cash in hand and at bank	2,979	(1,398)	1,581
Overdrafts	(19,331)	(381,814)	(401,145)
Hire purchase agreements	<u>(258,798)</u>	<u>(53,707)</u>	<u>(312,505)</u>
Net debt	<u>£(275,150)</u>	<u>£(436,919)</u>	<u>£(712,069)</u>



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**30. ULTIMATE PARENT COMPANY**

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