

COMPANY REGISTRATION NUMBER 1052410

APOLLO CHEMICALS LIMITED
FINANCIAL STATEMENTS
30 APRIL 2011

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COMPANIES HOUSE

RONALD SHAW & CO
Chartered Accountants & Statutory Auditor
Ashford House
95 Dixons Green
Dudley
West Midlands

APOLLO CHEMICALS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2011

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APOLLO CHEMICALS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 APRIL 2011

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 April 2011

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year consisted of manufacturing of a broad range of adhesives, sealants and coatings, suitable to serve and support all markets. There has been no significant change in this activity during the year.

REVIEW OF BUSINESS

The directors are satisfied that the company has continued to grow despite difficult trading conditions. The directors aim to continue to maintain the management policies which has resulted in strong financial performance in recent years. They consider that 2012 will be challenging, but believe they can maintain the current levels of performance by focusing on the quality of service, and product development.

The business opportunities continue to develop and the directors feel that there are very few risks or uncertainties associated with the business at this time due to the diversity of the market which brings minimised risk sensitivity.

The directors consider that the key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, contribution, overheads and cash flow.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £71,798. The directors have not recommended a dividend.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's financial assets and liabilities consist of trade debtors and creditors, cash balances, bank overdrafts, and finance leases.

The directors manage the company's exposure to financial risk by researching the credit worthiness of customers and by seeking advice from the company's providers of finance and its other external financial advisers.

Currency risk is restricted to the short term settlement of trading balances with customers and suppliers.

The company does not trade speculatively in derivatives or similar instruments.

DIRECTORS

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

Mr R F Saunders

Mrs G Saunders

Mr J H Saunders

APOLLO CHEMICALS LIMITED**THE DIRECTORS' REPORT** *(continued)***YEAR ENDED 30 APRIL 2011**

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 company and of the profit or loss of the company for that period. 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 keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

APOLLO CHEMICALS LIMITED

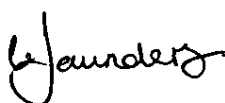
THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 APRIL 2011

AUDITOR

Ronald Shaw & Co are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Signed by order of the directors

A handwritten signature in black ink, appearing to read 'C Saunders', written in a cursive style.

MRS C SAUNDERS
Company Secretary

Approved by the directors on 16 November 2011

APOLLO CHEMICALS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
APOLLO CHEMICALS LIMITED
YEAR ENDED 30 APRIL 2011

We have audited the financial statements of Apollo Chemicals Limited for the year ended 30 April 2011 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 April 2011 and of its 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.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

YEAR ENDED 30 APRIL 2011

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report



MR R J PAWLOWSKI FCA (Senior
Statutory Auditor)
For and on behalf of
RONALD SHAW & CO
Chartered Accountants
& Statutory Auditor

Ashford House
95 Dixons Green
Dudley
West Midlands

Our audit was completed on 17 November 2011 and our opinion was expressed at that date

APOLLO CHEMICALS LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 30 APRIL 2011**

	Note	2011 £	2010 £
TURNOVER	2	15,777,588	13,545,294
Change in stocks of finished goods		39,485	53,195
Other operating income	3	382,024	596,605
		16,199,097	14,195,094
Raw materials and consumables		8,670,960	7,072,443
Other external charges		1,415,871	1,120,675
Staff costs	4	3,857,383	4,164,196
Depreciation written off fixed assets	5	189,667	167,622
Other operating charges		1,958,834	1,629,870
OPERATING PROFIT	5	106,382	40,288
Interest receivable		279	13
Interest payable and similar charges	7	(22,485)	(24,213)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		84,176	16,088
Tax on profit on ordinary activities	8	12,378	8,228
PROFIT FOR THE FINANCIAL YEAR		<u>£71,798</u>	<u>£7,860</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

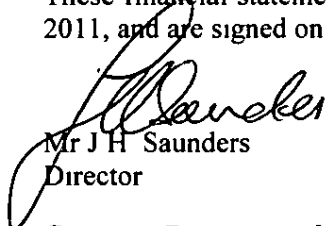
APOLLO CHEMICALS LIMITED

BALANCE SHEET

30 APRIL 2011

	Note	2011 £	2010 £
FIXED ASSETS			
Tangible assets	9	<u>1,463,130</u>	<u>1,415,765</u>
CURRENT ASSETS			
Stocks	10	1,675,840	1,537,951
Debtors	11	4,030,050	3,620,869
Cash at bank		<u>711,590</u>	<u>277,550</u>
		6,417,480	5,436,370
CREDITORS: Amounts falling due within one year	12	<u>4,917,656</u>	<u>3,699,381</u>
NET CURRENT ASSETS		<u>1,499,824</u>	<u>1,736,989</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,962,954</u>	<u>3,152,754</u>
CREDITORS: Amounts falling due after more than one year	13	<u>138,772</u>	<u>400,370</u>
		<u>£2,824,182</u>	<u>£2,752,384</u>
CAPITAL AND RESERVES			
Called-up equity share capital	18	1,405	1,405
Share premium account	19	139	139
Revaluation reserve	19	613,146	613,146
Other reserves	19	667	667
Profit and loss account	19	2,208,825	2,137,027
SHAREHOLDERS' FUNDS	19	<u>£2,824,182</u>	<u>£2,752,384</u>

These financial statements were approved by the directors and authorised for issue on 16 November 2011, and are signed on their behalf by


Mr J H Saunders
Director

Company Registration Number: 1052410

APOLLO CHEMICALS LIMITED

CASH FLOW STATEMENT

YEAR ENDED 30 APRIL 2011

	Note	2011 £	2010 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	20	1,226,541	(521,732)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	21	(22,206)	(24,200)
TAXATION	22	(8,127)	(1,520)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	23	(237,032)	(78,227)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		959,176	(625,679)
FINANCING	24	(525,136)	779,198
INCREASE IN CASH	25	<u>£434,040</u>	<u>£153,519</u>

The notes on pages 9 to 21 form part of these financial statements

APOLLO CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2011

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

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

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 or revaluation 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

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

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

APOLLO CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2011

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

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

Employer financed retirement benefit scheme

During the year the company established an employer finance retirement benefit scheme for the benefit of its officers, employees and their wider families, The Apollo Chemicals Limited Employer Financed Retirement Benefit Scheme ("The Scheme")

In accordance with UITF abstract 32 "Employee Benefit Trusts and other intermediate payment arrangements" the company does not include the assets and liabilities of The Scheme on its balance sheet to the extent that it considers that it will not retain any economic benefit from the assets of The Scheme and will not have control of the rights or other access to those present economic benefits.

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

Liquid resources

Liquid resources comprise deposits held by recognised banks and building societies

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company
 An analysis of turnover is given below

	2011 £	2010 £
United Kingdom	13,171,347	10,973,284
Rest of Europe	2,186,592	1,803,249
Rest of the World	419,649	768,761
	<u>£15,777,588</u>	<u>£13,545,294</u>

APOLLO CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2011

3. OTHER OPERATING INCOME

	2011	2010
	£	£
Management charges receivable	<u>382,024</u>	<u>596,605</u>

4. PARTICULARS OF EMPLOYEES

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

	2011	2010
	No	No
Number of production staff	41	39
Number of administrative staff	14	14
Number of management staff	3	3
Number of sales and technical staff	<u>24</u>	<u>24</u>
	<u>82</u>	<u>80</u>

The aggregate payroll costs of the above were

	2011	2010
	£	£
Wages and salaries	3,267,408	3,865,243
Social security costs	318,497	232,462
Other pension costs	81,478	66,491
Directors life assurance policies	<u>190,000</u>	<u>—</u>
	<u>£3,857,383</u>	<u>£4,164,196</u>

5. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2011	2010
	£	£
Depreciation of owned fixed assets	116,151	56,321
Depreciation of assets held under hire purchase agreements	84,439	118,201
Profit on disposal of fixed assets	(10,923)	(6,900)
Auditor's remuneration		
- as auditor	12,000	12,000
Operating lease costs:		
- Plant and equipment	18,691	19,231
- Other	<u>53,369</u>	<u>10,695</u>

APOLLO CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2011

6. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2011 £	2010 £
Remuneration receivable	<u>910,235</u>	<u>1,090,910</u>

Remuneration of highest paid director:

	2011 £	2010 £
Total remuneration (excluding pension contributions)	<u>530,263</u>	<u>712,140</u>

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

	2011 No	2010 No
Money purchase schemes	<u>1</u>	<u>1</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £	2010 £
Interest payable on bank borrowing	8,380	6,358
Finance charges	<u>14,105</u>	<u>17,855</u>
	<u>£22,485</u>	<u>£24,213</u>

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

	2011 £	2010 £
Current tax		
UK Corporation tax based on the results for the year at 20 92% (2010 - 21%)	<u>12,378</u>	<u>8,228</u>
Total current tax	<u>£12,378</u>	<u>£8,228</u>

APOLLO CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2011

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 20 92% (2010 - 21%)

	2011 £	2010 £
Profit on ordinary activities before taxation	<u>84,176</u>	<u>16,088</u>
Profit on ordinary activities by rate of tax	17,610	3,378
Expenses not deductible for tax purposes	1,360	1,670
Capital allowances for period in excess of depreciation	<u>(6,592)</u>	<u>3,180</u>
Total current tax (note 8(a))	<u>£12,378</u>	<u>£8,228</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 to Nil.

APOLLO CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2011

9. TANGIBLE FIXED ASSETS

	Freehold Property £	Leasehold Property £	Plant & Equipment £	Office Equipment £	Motor Vehicles £	Total £
COST OR VALUATION						
At 1 May 2010	418,671	963,029	2,917,441	342,868	393,871	5,035,880
Additions	–	–	77,814	131,538	42,680	252,032
Disposals	–	–	–	–	(62,663)	(62,663)
At 30 Apr 2011	<u>418,671</u>	<u>963,029</u>	<u>2,995,255</u>	<u>474,406</u>	<u>373,888</u>	<u>5,225,249</u>
DEPRECIATION						
At 1 May 2010	46,059	172,092	2,777,135	333,199	291,630	3,620,115
Charge for the year	4,187	6,606	95,617	23,052	71,128	200,590
On disposals	–	–	–	–	(58,586)	(58,586)
At 30 Apr 2011	<u>50,246</u>	<u>178,698</u>	<u>2,872,752</u>	<u>356,251</u>	<u>304,172</u>	<u>3,762,119</u>
NET BOOK VALUE						
At 30 Apr 2011	<u>368,425</u>	<u>784,331</u>	<u>122,503</u>	<u>118,155</u>	<u>69,716</u>	<u>1,463,130</u>
At 30 Apr 2010	<u>372,612</u>	<u>790,937</u>	<u>140,306</u>	<u>9,669</u>	<u>102,241</u>	<u>1,415,765</u>

APOLLO CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2011

9. TANGIBLE FIXED ASSETS *(continued)*

	2011	2010
	£	£
COST OR VALUATION		
Freehold	418,671	418,671
Long leasehold	957,685	957,685
Short leasehold	5,344	5,344
	<u>1,381,700</u>	<u>1,381,700</u>
DEPRECIATION		
Freehold	(50,246)	(46,059)
Long leasehold	(173,197)	(166,946)
Short leasehold	(5,501)	(4,216)
	<u>(228,944)</u>	<u>(217,220)</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 additions to land and buildings are included at cost.

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

Particulars relating to revalued assets are given below -

Freehold and long leasehold land and buildings

The land and buildings were revalued as at 30th April 1990, by Slater Donn, Surveyors, on the basis of open market value. The historical cost of revalued assets £763,210 (2010 £763,210).

APOLLO CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2011

9. 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 £
Net book value at end of year	<u>368,425</u>	<u>784,331</u>	<u>1,152,756</u>
Historical cost	<u>218,226</u>	<u>544,984</u>	<u>763,210</u>
Depreciation:			
At 1 May 2010	24,004	94,890	118,894
Charge for year	<u>2,182</u>	<u>3,760</u>	<u>5,942</u>
At 30 Apr 2011	<u>26,186</u>	<u>98,650</u>	<u>124,836</u>
Net historical cost value:			
At 30 Apr 2011	<u>192,040</u>	<u>446,334</u>	<u>638,374</u>
At 1 May 2010	<u>194,222</u>	<u>450,094</u>	<u>644,316</u>

Hire purchase agreements

Included within the net book value of £1,463,130 is £123,076 (2010 - £178,714) 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 £84,439 (2010 - £118,201)

10. STOCKS

	2011 £	2010 £
Raw materials	1,104,693	1,006,289
Finished goods	<u>571,147</u>	<u>531,662</u>
	<u>£1,675,840</u>	<u>£1,537,951</u>

11. DEBTORS

	2011 £	2010 £
Trade debtors	3,694,525	3,164,976
Amounts owed by undertakings in which the company has a participating interest	264,348	401,648
Prepayments and accrued income	<u>71,177</u>	<u>54,245</u>
	<u>£4,030,050</u>	<u>£3,620,869</u>

APOLLO CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2011

12. CREDITORS: Amounts falling due within one year

	2011 £	2010 £
Bank loans	851,054	1,120,148
Trade creditors	1,936,125	1,498,894
Amounts due to holding company - Apollo Chemicals Group Limited	73,722	73,972
Corporation tax	12,479	8,228
PAYE and social security	54,802	51,912
VAT	207,834	187,528
Hire purchase agreements	76,237	70,681
Other creditors	559,315	170,000
Directors current accounts	711,759	393,204
Accruals and deferred income	434,329	124,814
	<u>£4,917,656</u>	<u>£3,699,381</u>

The loans in respect of the hire purchase agreements are secured against the assets to which they relate

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2011 £	2010 £
Bank loans	<u>851,054</u>	<u>1,120,148</u>

13. CREDITORS: Amounts falling due after more than one year

	2011 £	2010 £
Hire purchase agreements	138,772	150,370
Other creditors	—	250,000
	<u>138,772</u>	<u>400,370</u>

The loans in respect of the hire purchase agreements are secured against the assets to which they relate

14. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows

	2011 £	2010 £
Amounts payable within 1 year	76,237	70,681
Amounts payable between 2 to 5 years	138,772	150,370
	<u>£215,009</u>	<u>£221,051</u>

APOLLO CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2011

15. COMMITMENTS UNDER OPERATING LEASES

At 30 April 2011 the company had annual commitments under non-cancellable operating leases as set out below

	2011		2010	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire				
Within 2 to 5 years	92,000	76,015	92,000	68,170
After more than 5 years	37,100	-	37,100	-
	<u>£129,100</u>	<u>£76,015</u>	<u>£129,100</u>	<u>£68,170</u>

16. CONTINGENCIES

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

17. RELATED PARTY TRANSACTIONS

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

R F Saunders

Sales and management charges to
Raleigh Adhesive Coatings Limited £408,115 (2010 £617,098)

Balance - Amounts due from
Raleigh Adhesive Coatings Limited £183,335 (2010 £247,479)
- Amounts due to
Apollo Chemicals Group Limited £73,722 (2010 £73,972)

R F Saunders other interests

Sales to
Apollo Tactile Limited £67,156 (2010 £109,049)

Purchases from
Apollo Tactile Limited £19,500 (2010 £ Nil)

Balance - Amounts due from
Apollo Tactile Limited £81,013 (2010 £154,169)

Directors made loans to the company during the year. The loans are interest free. The outstanding balances at 30th April are as follows:-

J H Saunders £684,733 (2010 £344,418)

R F Saunders £27,026 (2010 £48,786)

APOLLO CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2011

18. SHARE CAPITAL**Authorised share capital:**

	2011 £	2010 £
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:

	2011 No	£	2010 No	£
1,334 Ordinary shares of £1 each	1,334	1,334	1,334	1,334
71 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>

19. 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	2,129,167	2,744,524
Profit for the year	—	—	—	—	7,860	7,860
Balance brought forward	£1,405	£139	£613,146	£667	£2,137,027	£2,752,384
Profit for the year	—	—	—	—	71,798	71,798
Balance carried forward	<u>£1,405</u>	<u>£139</u>	<u>£613,146</u>	<u>£667</u>	<u>£2,208,825</u>	<u>£2,824,182</u>

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

	2011	2010
	£	£
Operating profit	106,382	40,288
Depreciation	200,590	174,522
Profit on disposal of fixed assets	(10,923)	(6,900)
Increase in stocks	(137,889)	(229,614)
Increase in debtors	(409,181)	(839,535)
Increase in creditors	1,477,562	339,507
Net cash inflow/(outflow) from operating activities	<u>£1,226,541</u>	<u>£(521,732)</u>

21. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2011	2010
	£	£
Interest received	279	13
Interest paid	(8,380)	(6,358)
Interest element of hire purchase	(14,105)	(17,855)
Net cash outflow from returns on investments and servicing of finance	<u>(22,206)</u>	<u>(24,200)</u>

22. TAXATION

	2011	2010
	£	£
Taxation	<u>(8,127)</u>	<u>(1,520)</u>

23. CAPITAL EXPENDITURE

	2011	2010
	£	£
Payments to acquire tangible fixed assets	(252,032)	(97,127)
Receipts from sale of fixed assets	15,000	18,900
Net cash outflow from capital expenditure	<u>(237,032)</u>	<u>(78,227)</u>

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24. FINANCING

	2011 £	2010 £
(Repayment of)/increase in bank loans	(269,094)	1,120,148
Capital element of hire purchase	(6,042)	(90,950)
Net outflow from other long-term creditors	(250,000)	(250,000)
Net cash (outflow)/inflow from financing	<u>(525,136)</u>	<u>779,198</u>

25. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2011 £	2010 £
Increase in cash in the period	434,040	153,519
Net cash outflow from/(inflow) from bank loans	269,094	(1,120,148)
Cash outflow in respect of hire purchase	6,042	90,950
Net cash outflow from other long-term creditors	<u>250,000</u>	<u>250,000</u>
	<u>959,176</u>	<u>(625,679)</u>
Change in net debt	959,176	(625,679)
Net debt at 1 May 2010	<u>(1,313,649)</u>	<u>(687,970)</u>
Net debt at 30 April 2011	<u>£(354,473)</u>	<u>£(1,313,649)</u>

26. ANALYSIS OF CHANGES IN NET DEBT

	At 1 May 2010 £	Cash flows £	At 30 Apr 2011 £
Cash in hand and at bank	277,550	434,040	711,590
Debt due within 1 year	(1,120,148)	269,094	(851,054)
Debt due after 1 year	(250,000)	250,000	-
Hire purchase agreements	(221,051)	6,042	(215,009)
Net debt	<u>£(1,313,649)</u>	<u>£959,176</u>	<u>£(354,473)</u>

27. ULTIMATE PARENT COMPANY

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