

ABBAY MASTERBATCH LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

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FOR THE YEAR ENDED 31 DECEMBER 2010

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ABBAY MASTERBATCH LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2010

DIRECTORS.

Mr J M Shirt
Mrs R J Shirt
Mrs L C Mather
Mr M A Shirt
Mr R J Shirt

SECRETARIES.

Mr J M Shirt
Mrs L C Mather

REGISTERED OFFICE

Whitelands Mill
Whitelands Road
Ashton Under Lyne
Lancashire
OL6 6UG

REGISTERED NUMBER:

01793834 (England and Wales)

AUDITORS

Livesey Spottiswood Ltd
Chartered Accountants and
Registered Auditors
17 George Street
St Helens
Merseyside
WA10 1DB

BANKERS:

National Westminster Bank Plc
5 Ormskirk Street
St Helens
Merseyside
WA10 1DR

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2010**

The directors present their report with the financial statements of the company for the year ended 31 December 2010

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of the production of thermoplastic compounds, powders and resins for the plastics industry, together with pigment dispersions and concentrates for the paint and ink industries

REVIEW OF BUSINESS

The directors are pleased to report another year of increased profitability

The directors still consider both turnover and gross profit to be key indicators of it's performance, plus a strong presence in the export market as a key to future success and continued development.

The directors are confident that the continued growth will continue into the current year due to the company's reputation in the market place and their strong financial position

DIVIDENDS

The total distribution of dividends for the year ended 31 December 2010 will be £275,000

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2010 to the date of this report

Mr J M Shirt
Mrs R J Shirt
Mrs L C Mather
Mr M A Shirt
Mr R J Shirt

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- 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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

The auditors, Livesey Spottiswood Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting

ON BEHALF OF THE BOARD:


Mr J M Shirt - Secretary

28 July 2011

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
ABBEY MASTERBATCH LIMITED**

We have audited the financial statements of Abbey Masterbatch Limited for the year ended 31 December 2010 on pages four to thirteen. 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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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 auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 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 the directors, and the overall presentation of the financial statements.

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 31 December 2010 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 matter prescribed by the Companies Act 2006

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

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.



David Hudd BA ACA (Senior Statutory Auditor)
for and on behalf of Livesey Spottiswood Ltd
Chartered Accountants and
Registered Auditors
17 George Street
St Helens
Merseyside
WA10 1DB

28 July 2011

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Notes	2010 £	2009 £
TURNOVER	2	9,395,159	6,417,436
Cost of sales		(7,690,971)	(4,990,721)
GROSS PROFIT		1,704,188	1,426,715
Distribution costs		(163,697)	(115,383)
Administrative expenses		(862,979)	(875,579)
OPERATING PROFIT	4	677,512	435,753
Interest receivable and similar income		1,051	1,253
		678,563	437,006
Interest payable and similar charges	5	(193)	(4,459)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		678,370	432,547
Tax on profit on ordinary activities	6	(248,948)	(182,408)
PROFIT FOR THE FINANCIAL YEAR		429,422	250,139
Retained profit brought forward		2,002,325	1,796,086
		2,431,747	2,046,225
Dividends	7	(275,000)	(50,000)
Transfer between reserves		6,100	6,100
RETAINED PROFIT CARRIED FORWARD		2,162,847	2,002,325

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year

NOTE OF HISTORICAL COST PROFITS AND LOSSES

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material

BALANCE SHEET
31 DECEMBER 2010

	Notes	2010 £	2009 £
FIXED ASSETS			
Tangible assets	8	938,068	987,781
CURRENT ASSETS			
Stocks	9	549,379	326,076
Debtors	10	1,588,229	1,481,945
Cash at bank and in hand		817,301	1,353,442
		<u>2,954,909</u>	<u>3,161,463</u>
CREDITORS			
Amounts falling due within one year	11	<u>1,252,168</u>	<u>1,678,857</u>
NET CURRENT ASSETS		<u>1,702,741</u>	<u>1,482,606</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,640,809</u>	<u>2,470,387</u>
PROVISIONS FOR LIABILITIES	15	<u>88,000</u>	<u>72,000</u>
NET ASSETS		<u><u>2,552,809</u></u>	<u><u>2,398,387</u></u>
CAPITAL AND RESERVES			
Called up share capital	16	47,000	47,000
Revaluation reserve	17	342,962	349,062
Profit and loss account		<u>2,162,847</u>	<u>2,002,325</u>
SHAREHOLDERS' FUNDS	20	<u><u>2,552,809</u></u>	<u><u>2,398,387</u></u>

The financial statements were approved by the Board of Directors on 28 July 2011 and were signed on its behalf by


Mr J M Shirt - Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Notes	2010 £	2009 £
Net cash inflow from operating activities	1	186,305	720,666
Returns on investments and servicing of finance	2	858	(3,206)
Taxation		(186,348)	(90,508)
Capital expenditure	2	(91,187)	(79,113)
Equity dividends paid		(275,000)	(50,000)
		(365,372)	497,839
Financing	2	(57,437)	(193,520)
(Decrease)/Increase in cash in the period		(422,809)	304,319
Reconciliation of net cash flow to movement in net funds			
	3		
(Decrease)/Increase in cash in the period		(422,809)	304,319
Cash outflow from decrease in debt		57,437	181,481
Change in net funds resulting from cash flows		(365,372)	485,800
Movement in net funds in the period		(365,372)	485,800
Net funds at 1 January		1,001,575	515,775
Net funds at 31 December		636,203	1,001,575

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2010 £	2009 £
Operating profit	677,512	435,753
Depreciation charges	140,899	113,179
(Increase)/Decrease in stocks	(223,303)	55,993
Increase in debtors	(106,284)	(171,079)
(Decrease)/Increase in creditors	(302,519)	286,820
Net cash inflow from operating activities	186,305	720,666

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2010 £	2009 £
Returns on investments and servicing of finance		
Interest received	1,051	1,253
Interest paid	(193)	(4,459)
Net cash inflow/(outflow) for returns on investments and servicing of finance	858	(3,206)
Capital expenditure		
Purchase of tangible fixed assets	(91,187)	(79,113)
Net cash outflow for capital expenditure	(91,187)	(79,113)
Financing		
Loan repayments in year	(57,437)	(181,481)
Amount withdrawn by directors	-	(12,039)
Net cash outflow from financing	(57,437)	(193,520)

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1/1/10 £	Cash flow £	At 31/12/10 £
Net cash			
Cash at bank and in hand	1,353,442	(536,141)	817,301
Bank overdraft	(294,430)	113,332	(181,098)
	1,059,012	(422,809)	636,203
Debt			
Debts falling due within one year	(57,437)	57,437	-
	(57,437)	57,437	-
Total	1,001,575	(365,372)	636,203

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention subject to the revaluation of certain fixed assets

The company has taken advantage of the exemptions of Financial Reporting Standard No 8 on the grounds that it is a wholly owned subsidiary, it is included in the consolidated accounts of ATL Industries Limited and those accounts are publicly available as detailed in note 18. Accordingly, no disclosure is made of transactions with other group undertakings or investees of the group qualifying as related parties

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Freehold property	- 2% on cost
Plant and machinery	- 15% Straight line
Office equipment	- 15% Straight line

Stocks

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

Deferred tax

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

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

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate

Leased assets

Rentals payable under operating leases are charged against profits on a straight line basis over the periods of the leases. Assets acquired under hire purchase contracts and finance leases are capitalised as tangible fixed assets and depreciated in accordance with the accounting policy on depreciation, the related obligations, net of finance costs allocated to future periods are included in creditors. Finance costs are charged against profits on a straight line basis over the periods of the contracts

Employee Benefit Trusts

The company has established trusts for the benefit of employees and certain of their dependants. Monies held in these trusts are held by independent trustees and managed at their discretion

Where the company retains future economic benefit from, and has de facto control of the assets and liabilities of the trust, they are accounted for as assets and liabilities of the company until the earlier of the date that an allocation of trust funds to employees in respect of past services is declared and the date that assets of the trust vest in identified individuals

Where monies held in a trust are determined by the company on the basis of employees' past services to the business and the company can obtain no future economic benefit from those monies, such monies, whether in the trust or accrued for by the company are charged to the profit and loss account in the period to which they relate

2 TURNOVER

The turnover was derived from the company's principal activities

During the year, the company exported 67% of its turnover (2009 - 64%)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010

3 STAFF COSTS

	2010	2009
	£	£
Wages and salaries	964,367	912,590
Social security costs	78,272	65,578
Other pension costs	100,000	30,000
	<u>1,142,639</u>	<u>1,008,168</u>

The average monthly number of employees during the year was as follows

	2010	2009
Management and administration	7	7
Production	28	24
	<u>35</u>	<u>31</u>

Included within wages and salaries are payments made to the company's Employee Benefit Trust amounting to £200,000 (2009 - £300,000)

4 OPERATING PROFIT

The operating profit is stated after charging

	2010	2009
	£	£
Depreciation - owned assets	140,900	113,179
Auditors' remuneration	4,250	3,950
Exceptional item	<u>200,000</u>	<u>300,000</u>
Directors' remuneration	456,047	542,887
Directors' pension contributions to money purchase schemes	<u>100,000</u>	<u>30,000</u>

The number of directors to whom retirement benefits were accruing was as follows

	2010	2009
Money purchase schemes	<u>2</u>	<u>2</u>

The exceptional item is in respect of a contribution to the company's Employee Benefit Trust

Information regarding the highest paid director is as follows

	2010	2009
	£	£
Emoluments etc	<u>216,167</u>	<u>314,734</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2010	2009
	£	£
Bank interest	13	-
Bank loan interest	180	4,026
Other loan interest	-	433
	<u>193</u>	<u>4,459</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010

6 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	2010 £	2009 £
Current tax		
UK corporation tax	233,000	186,400
Prior periods	(52)	8
Total current tax	232,948	186,408
Deferred tax	16,000	(4,000)
Tax on profit on ordinary activities	248,948	182,408

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

	2010 £	2009 £
Profit on ordinary activities before tax	678,370	432,547
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.735% (2009 - 26.077%)	181,362	112,795
Effects of		
Expenses not allowable for tax purposes	54,060	79,140
Capital allowances for the period in excess of depreciation	(2,680)	(5,583)
Rounding	206	56
Current tax charge	232,948	186,408

7 DIVIDENDS

	2010 £	2009 £
Dividends paid	275,000	50,000

8 TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Office equipment £	Totals £
COST				
At 1 January 2010	638,877	2,560,247	51,213	3,250,337
Additions	-	80,430	10,757	91,187
At 31 December 2010	638,877	2,640,677	61,970	3,341,524
DEPRECIATION				
At 1 January 2010	246,922	1,979,817	35,817	2,262,556
Charge for year	9,344	126,728	4,828	140,900
At 31 December 2010	256,266	2,106,545	40,645	2,403,456
NET BOOK VALUE				
At 31 December 2010	382,611	534,132	21,325	938,068
At 31 December 2009	391,955	580,430	15,396	987,781

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010

8 TANGIBLE FIXED ASSETS - continued

The freehold property was professionally valued during 1990 by Fellows of the Royal Institute of Chartered Surveyors at an open market value on a current use basis. The valuation has not been updated as the transitional arrangements of FRS15 have been followed.

The historical cost of the freehold land and buildings included at valuation amounted to £194,177 (2009 - £194,177) and the accumulated depreciation thereon amounts to £101,230 (2009 - £97,986).

No provision for deferred taxation has been made in respect of potential capital gains on the disposal of the freehold property since it is not envisaged that the property will be disposed of in the near future. If the asset were disposed of at its revalued amount the potential liability would be £40,000.

The historical cost of the freehold land and buildings includes land with a value of £31,500 (2009 - £31,500) on which no depreciation charge is made.

9 STOCKS

	2010 £	2009 £
Stock and work in progress	549,379	326,076

10 DEBTORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Trade debtors	895,188	642,311
Amounts owed by group undertakings	483,271	725,380
Other debtors	6,481	6,431
Amounts owed by related parties	12,497	6,733
VAT	173,604	87,911
Prepayments	17,188	13,179
	<u>1,588,229</u>	<u>1,481,945</u>

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Bank loans and overdrafts (see note 12)	181,098	351,867
Trade creditors	533,313	590,962
Corporation tax	233,000	186,400
Social security and other taxes	26,335	22,446
Other creditors	8,255	7,691
Employee Benefit Trust (see note 4)	-	300,000
Directors' current accounts	7,961	7,961
Accrued expenses	262,206	211,530
	<u>1,252,168</u>	<u>1,678,857</u>

12 LOANS

An analysis of the maturity of loans is given below

	2010 £	2009 £
Amounts falling due within one year or on demand		
Bank overdrafts	181,098	294,430
Bank loan	-	57,437
	<u>181,098</u>	<u>351,867</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010

13 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

		Other operating leases
	2010 £	2009 £
Expiring		
Within one year	-	3,166
Between one and five years	20,905	-
	<u>20,905</u>	<u>3,166</u>

14 SECURED DEBTS

The following secured debts are included within creditors

	2010 £	2009 £
Bank overdrafts	181,098	294,430
Bank loans	-	57,437
	<u>181,098</u>	<u>351,867</u>

Bank borrowings are secured by a fixed and floating charge over the company's assets

15 PROVISIONS FOR LIABILITIES

	2010 £	2009 £
Deferred tax		
Accelerated capital allowances	88,000	72,000

	Deferred tax £
Balance at 1 January 2010	72,000
Movement in the year	16,000
Balance at 31 December 2010	<u>88,000</u>

16 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			2010 £	2009 £
Number	Class	Nominal value £1		
47,000	Ordinary		<u>47,000</u>	<u>47,000</u>

17 OTHER RESERVES

	Revaluation reserve £
At 1 January 2010	349,062
Transfer between reserves	(6,100)
At 31 December 2010	<u>342,962</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010

18 **ULTIMATE PARENT COMPANY**

The company's ultimate parent company and controlling party is ATL Industries Limited, a company incorporated in England and Wales. ATL Industries Limited holds 100% of the issued share capital of the company.

19 **RELATED PARTY DISCLOSURES**

During the year, the company's parent company has been ATL Industries Limited, a company incorporated in England and Wales. The ultimate controlling party is Mr J M Shirt, the majority shareholder of ATL Industries Limited.

During the previous year, the company had continued the repayment of a loan previously given by the JM Shirt Accumulation and Maintenance Trust, a trust in which the director, Mr J M Shirt is a trustee. During the year, the company paid £nil (2009 - £433) in loan interest to the JM Shirt Accumulation and Maintenance Trust.

20 **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2010 £	2009 £
Profit for the financial year	429,422	250,139
Dividends	(275,000)	(50,000)
Net addition to shareholders' funds	154,422	200,139
Opening shareholders' funds	2,398,387	2,198,248
Closing shareholders' funds	2,552,809	2,398,387