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AVON

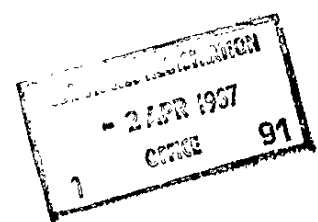


1986

AVON

1986

AVON RUBBER p.l.c.
REPORT AND ACCOUNTS
1986



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THE YEAR IN BRIEF

Avon Rubber p l c.

	1986 £'000	1985 £'000
Turnover	206,132	198,127
Operating profit	9,201	7,394
Interest	3,113	2,887
Profit before taxation	6,088	4,507
Extraordinary items	1,838	—
Ordinary dividend	865 (6.5%)	758 (5.7%)
Retained profit for the year	2,699	3,266
Earnings per share	40.6p	30.3p

DIRECTORS AND OFFICERS

Chairman	The Rt. Hon. Lord Farnham
Chief Executive	A. K. Mitchard
Executive directors	J. R. Bradbeer D. L. Gibson B. Stacey
Non Executive directors	P. M. Fisher (Deputy Chairman) J. M. Pinckard P. W. Ridley, C.B., C.B.E. I. Weston Smith
Company secretary	C. L. Martin, LL.B.
Registered office	Melksham, Wiltshire
Auditors	Deloitte Haskins & Sells
Principal bankers	Midland Bank plc Brown, Shipley & Co. Limited National Westminster Bank PLC
Solicitors	Linklaters & Paines
Registrar and transfer office	Melksham, Wiltshire
Brokers	Hoare Govett Ltd.

NOTICE OF MEETING

Notice is hereby given that the annual general meeting of shareholders will be held at Melksham House, Market Place, Melksham, Wiltshire, on Monday 9th February 1987 at 2.30 p.m. for the following purposes:

1 To receive and consider the report of the directors and statement of accounts at 27th September 1986 (Resolution No. 1).

2 To declare a dividend on the ordinary shares (Resolution No. 2).

3 To elect a director:
Mr. P. W. Ridley retires by rotation but, being eligible, offers himself for re-election (Resolution No. 3).

4 To re-appoint Deloitte Haskins & Sells as auditors to the company (Resolution No. 4)

5 To transact any other routine business.

6 As special business to consider and, if thought fit, pass the following resolution, which will be proposed as an ordinary resolution (Resolution No. 5).

'that the authorised share capital of the Company be increased from £19,500,000 to £23,923,000 by the creation of 4,423,000 ordinary shares of £1 each.'

7 As special business to consider and, if thought fit, pass the following resolution which will be proposed as a special resolution (Resolution No. 6).

'that the articles of association of the company be altered by the deletion of article 11 and the substitution therefor of the following new article:

'(A) Subject to the provisions of the statutes relating to authority, pre-emption rights and otherwise and of any resolution of the company in general meeting passed pursuant thereto, all unissued shares of the company shall be at the disposal of the directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.

(B) (i) Pursuant to and in accordance with section 80 of the Companies Act 1985 (the "Act"), the directors shall be generally authorised to exercise for each Prescribed Period all the powers of the company to allot and to make offers or agreements to allot Relevant Securities up to an aggregate nominal amount equal to the Prescribed Amount; provided that the aggregate nominal amount of equity securities allotted or agreed to be allotted wholly for cash during each Prescribed Period otherwise

than in connection with a Rights Issue shall not exceed 5 per cent. of the aggregate of.—

(a) the nominal amount of the ordinary share capital in issue at the beginning of the Prescribed Period; and
(b) the Prescribed Amount;

(ii) pursuant to and within the terms of such authority, the directors shall be empowered during each Prescribed Period to allot or make offers or agreements to allot equity securities as if section 89 (1) of the Act did not apply to any such allotment,

(iii) such authority and power shall allow and enable the directors to make offers or agreements which would or might require the making of allotments after the expiry thereof; and

(iv) for the purposes of this article —

(a) "Prescribed Period" means in the first instance the period from the date of the adoption of this article down to the date of the annual general meeting in 1988 (or 9th May 1988, if earlier) and shall include any other period (not exceeding 15 months on any occasion) for which the authority and power conferred by sub-paragraphs (i) and (ii) are renewed or extended by a special resolution stating the Prescribed Amount for such period.

(b) "Prescribed Amount" shall for the first Prescribed Period be £5,546,877 and for any other Prescribed Period shall be that stated in the relevant special resolution,

(c) "Rights Issue" means an offer of securities open for a period fixed by the directors to holders of ordinary shares on the register on a fixed record date in proportion to their then holdings of such shares (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory or in relation to shares represented by depository receipts); and

(d) words and expressions defined in or for the purposes of Part IV of the Act shall bear the same meaning herein."

A member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and, on a poll, to vote in his stead. A proxy need not also be a member of the company.

Only holders of ordinary shares are entitled to attend and vote at the meeting. A form of proxy is enclosed to enable ordinary shareholders to vote for or against the resolutions.

In order to be effective, forms of proxy must be received at the registered office of the company, Bath Road, Melksham, Wiltshire, not less than forty eight hours before the time fixed for the meeting.

The register of directors' interests showing any transactions of directors and their family interests in the share capital of the company and copies of all contracts of service of the directors are available for inspection during business hours at the registered office of the company until the date of the meeting and then at the meeting from fifteen minutes prior to and until the conclusion of the meeting.

By order of the board

C. L. Martin, Secretary
Melksham, Wiltshire

15th January 1987

Explanation of Resolution No. 5

As a result of the issue of ordinary shares pursuant to the recent rights issue details of which were contained in a circular letter posted to the ordinary shareholders of the company on 12th December 1986, it is considered to be desirable, in the interests of flexibility, to increase the authorised share capital of the company so as to retain a margin of unissued shares

Explanation of Resolution No. 6

At the annual general meeting in 1986 a special resolution was passed giving the directors, in connection with sections 80 and 89 of the Companies Act 1985, certain limited authority to allot shares of the company. As has been the custom, this authority will expire at the end of the annual general meeting convened by the notice set out on page 4.

In the light of recent practice, it is now proposed to replace article 11 with a new article which will have the effect of simplifying the procedure at future annual general meetings in that the renewal of the authority, and the setting of the limits of the authority, will be able to be done in a much simpler form than previously. No substantive change to the authority is being made.

This new article, if adopted, will enable your board (i) to allot shares up to an aggregate nominal amount of £5,546,877 (i.e. a maximum of 33 1/3% of the issued ordinary share capital) and (ii) to allot shares for cash with a nominal value not exceeding £1,109,375 (i.e. a maximum of 5% of the aggregate of the issued share capital and the amount covered by the authority in (i)) without taking into account the pre-emptive rights described in section 89 of the Companies Act 1985 and otherwise than by way of a rights issue. Shareholders should be aware that The Stock Exchange has recently relaxed its requirements in relation to pre-emption, so that issues for cash within the above limit need no longer be subject to specific prior shareholder approval.

The authority given by the resolution in connection with both sections 80 and 89 of the Act will, unless subsequently renewed by the shareholders, cease at the end of the annual general meeting to be held in 1988, or 9th May 1988 if earlier. No issue of shares (apart from issues in respect of the exercise of options granted or to be granted to employees under schemes approved by shareholders including the Avon Rubber p l c Savings-Related Share Option Scheme 1981 and the Avon Rubber p l c Executive Share Option Scheme 1986) is currently contemplated and none will be made which will effectively alter the control of the company without the prior approval of the company in general meeting.

Your directors consider that it is in the company's interest that the resolutions referred to above are passed and they will vote in favour of those resolutions in respect of their own beneficial shareholdings representing less than one third of one per cent of the called up ordinary share capital.

CHAIRMAN'S STATEMENT

The group has had another successful year, with the results for the period ended 27th September 1986 showing pre tax profit 35 per cent higher than the previous year at £6,088,000. Both the tyre and non tyre divisions produced better results. The interim dividend was increased from 2.2p to 2.5p and a similar rate of increase of 14 per cent from 3.5p to 4.0p per share is being recommended for the final dividend.

Avon Tyres has continued to consolidate its position as a performance tyre specialist and as a supplier of high quality rubber compounds and coated materials to a variety of industries. We have been very successful in several sectors of motor competition and have won valuable exclusive supply contracts for Hot Rod racing, British Formula 3 Championship and the very prestigious International Formula 3000 series.

Conditions in the wholesale and retail tyre market have remained as competitive as ever and profits of Motorway did not progress to our satisfaction. A major programme is currently under way to improve many of our depots and the service they offer and this action, combined with continuing staff training, is confidently expected to bring about increased profitability in the current year.

The existing business of Avon Industrial Polymers has prospered well and with the benefits so far achieved from the restructuring of the Trowbridge factory, profits have moved ahead strongly. A further contract for 1987 has been secured to supply the S10 respirator to the United Kingdom Ministry of Defence. Pakistan and Kuwait have now standardised on S10, deliveries have commenced to them and we confidently expect further nations to follow their example. The joint venture company Bell Avon in Mississippi, manufacturing hovercraft skirt systems, is now firmly established and operating profitably. With the present demand for hovercraft for American defence purposes, 1986/87 is expected to show major growth in its profits.

The performance of Avon Inflatables, however, has been disappointing both because no significant military contracts were placed from the United Kingdom or from abroad and because the weakness of the US dollar has reduced the profitability of our North American exports. The restructuring programme carried out during the year, the cost of which has been dealt with under extraordinary items, will yield major benefits in 1986/87 and will reduce the influence on the business of military contracts the timing and placing of which is unpredictable.

The strong base from which the company now operates stems from the support of our shareholders at the time of the rights issue in October 1984 and the improvement the group has experienced in its trading position since that time. This has enabled us to make some small but strategic acquisitions.

Avon Seagull Marine, which for many years distributed our inflatable products on the West Coast of the United States, was acquired in November 1985 for a cash sum of £488,000. Despite the present adverse exchange rate, this acquisition has enabled us to develop further our strength and reputation in the American market.

The business of Galt Composites, based in the Isle of Wight, was acquired in April 1986 for a cash sum of £372,000. In addition to manufacturing rigid hulls for our inflatable craft, the company has expertise in composite materials for use in defence and commercial applications, where considerable potential exists.

Since the year end, we have acquired CQC PLC for £2,385,000 in cash from The British Land Company Plc. CQC, operating in freehold factory premises in Barnstaple, N Devon, manufactures a wide range of defence related products including sleeping bags, protective clothing, NBC suits, rucksacks, webbing equipment and special purpose carrying cases. This acquisition will enhance Avon's already considerable reputation as a leading supplier of nuclear, biological and chemical protective equipment to United Kingdom and overseas forces. The acquisition of both Galt Composites and CQC will strengthen the activities of Avon Industrial Polymers in the field of defence, where we already have a substantial presence.

We continue to seek suitable opportunities for further acquisitions and our opportunities for organic growth are being supported with appropriate investment.

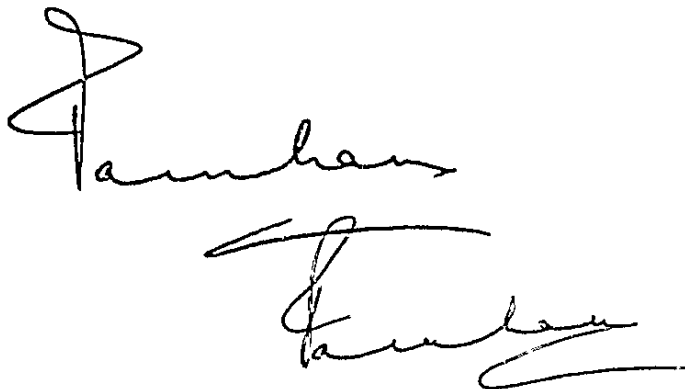
The Avon Lippiatt Hobbs companies were disposed of in August to their respective managements at a figure substantially below book value, and the write off amounting to £2,238,000 has been dealt with as an extraordinary item. The disposal of these companies has enabled management to concentrate its attention on and devote more resources to the development of our mainstream businesses.

The efficiency programmes implemented in the automotive hose factory at Trowbridge and in the inflatable boat factory at Llanelli have yielded substantial benefits. The cost of the restructuring, amounting to £1,364,000, has been dealt with as an extraordinary item. We have been encouraged by the success of these operations and as foreshadowed in the interim statement, we have already commenced similar work in our factories at Melksham and Chippenham. Actions following these wide ranging studies will achieve significant and essential improvements in efficiency and productivity in 1986/87 and future years. The cost in the year to 3rd October 1987 will be up to £6,000,000 and will also be dealt with as an extraordinary item at the appropriate time.

Towards the end of the year we redeemed the outstanding Debenture Stocks at par plus accrued interest, at a cost of £1,831,000. This move gives us greater flexibility with our banking arrangements and will enable all fixed charges on the group's assets to be removed.

On 11th December your board announced that it was raising approximately £10,800,000 after expenses by way of a rights issue of 3,328,126 New Ordinary Shares at a price of 335p per share. The net proceeds will be used to refinance the cost of the recent acquisitions and provide additional liquid resources for further development of the business both organically and by acquisition.

The new year has opened well and trading is in line with our expectations. The programmes to improve efficiency in all operations will continue and the board is confident that 1987 will prove to be a year of substantial development in all of the group's operations.



DIRECTORS' REPORT

The directors submit the ninety sixth annual report and audited accounts of the company for the year ended 27th September 1986

1 Principal activities and business review

The principal activities of the group are

Manufacture of elastomeric products for industrial, commercial, marine, defence and leisure purposes

Manufacture of tyres and related products

Sale of tyres, batteries and exhaust systems in wholesale and retail markets

The business review is contained in the Chairman's Statement on pages 6 and 7. The business of the Avon Lippiatt Hobbs companies, dealing in underground distribution systems for gas, oil and water, was sold in August.

2 Results and dividends

The group profit for the year after taxation and minority interests but before extraordinary items amounts to £5,427,000 (1985 £4,049,000). Full details are set out in the profit and loss account on page 10.

Dividends paid amount to £358,000 (1985 £317,000). Dividends proposed amount to £532,000 (1985 £466,300).

3 Directors

None of the directors had a beneficial interest in any contract to which the parent company or any subsidiary was a party during the financial year. Beneficial interests of directors, their families and trusts in shares of the company were

	At the beginning of the year or when first appointed a director		At the end of the year	
	ord	pref	ord	pref
J R Bradbeer	6,630	—	6,630	—
Lord Farnham	6,250	—	6,250	—
P M Fisher	13,250	500	10,250	500
D L Gibson	8,084	500	8,084	500
A K Mitchard	2,000	—	2,000	—
J M Pinckard	4,000	—	4,000	—
P W Ridley	3,000	—	3,000	—
B Stacey	—	—	—	—
I Weston Smith	—	—	—	—

Directors share options are set out in note 26 to the accounts

Apart from shares allotted to directors under the rights issue announced on 11th December 1986, there have been no movements in directors' shareholdings between the end of the financial year and 31st December 1986. All of the directors holding shares have indicated their intention of taking up their rights.

No beneficial interest attached to any shares registered in the names of directors in the company's subsidiaries.

Mr. P. W. Ridley retires in rotation as a director and being eligible, offers himself for re-election.

4 Substantial shareholdings

At 31st December 1986, the following held 5% or more of the company's ordinary share capital

	% held
Standard Life Assurance Company	8.7
Morgan Nominees Limited	5.2
Britannic Assurance Public Limited Company	5.2

5 Political and charitable contributions

No political contributions were made during the year. Contributions for charitable purposes amounted to £6,000 (1985 £5,000).

6 Disabled persons

It is the policy of the company to encourage the employment and development of suitable disabled persons.

No unnecessary limitations are placed on the type of work which they can perform and the policy ensures that in appropriate cases consideration is given to modifications to equipment or premises and to adjustments in working practices.

The policy provides that full and fair consideration will be given to disabled applicants for employment and that existing employees who become disabled will have the opportunity to retrain and continue in employment.

7 Employee involvement

Since the formation of the Joint Works Council at Melksham in 1936, and its more recent counterparts elsewhere in the group, formal consultation with employees has been recognised by the company as being of great value. Regular consultation takes place so that employees' views are taken into account in all matters which may affect their interests. Financial and economic factors affecting the performance of the group are disclosed to, and discussed with them.

The savings related share option scheme, which has been in operation since 1979, encourages participation in the company's activities.

Information is disseminated to all employees by means of briefing groups, notice boards and the bimonthly publication of Avon News. Pension fund matters are communicated through site committees and the publication of a special newspaper.

8 Research and development

All the companies' research programmes are selected to assist in the development of new products to meet marketing opportunities and the improvement of existing processes. The new products introduced by the company have a wide range of technological requirements and consequently research work has covered a wide field, from the investigation of the radar properties of polymeric materials, to the prevention of marine growth by the inclusion of cuprenickel granules in rubber sheeting.

Full use has been made of the interest now being shown by universities in supporting industry. The Teaching Company project with the Mechanical Engineering Department of Bristol University is now in its third year and a cure monitoring system is operating successfully in one of the factories.

A scanning electron microscope has been installed at Bradford-on-Avon and is proving invaluable in various investigations in addition to monitoring the quality of certain products where the surface condition is critical.

9 Close companies

The 'close company' provisions of the Income and Corporation Taxes Act 1970 do not apply to the company.

10 Auditors

A resolution to re-appoint Deloitte Haskins & Sells as auditors to the company will be proposed at the annual general meeting.

By order of the board

C. L. Martin, Secretary
Melksham, Wiltshire
15th January 1987

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 27th September 1986

	Note	1986 £'000	1985 £'000
Turnover	2	206,132	198,127
Cost of Sales		(174,463)	(169,207)
Gross profit		31,669	28,920
Distribution costs		(10,811)	(10,206)
Administrative expenses		(13,368)	(12,319)
Other operating income		1,120	663
Share of profits of related companies	5	569	302
Interest receivable		22	34
Operating profit		9,201	7,394
Interest payable and similar charges	6	(3,113)	(2,887)
Profit on ordinary activities before taxation	3 & 4	6,088	4,507
Tax on profit on ordinary activities	8	(533)	(413)
Profit on ordinary activities after taxation		5,555	4,094
Minority interests		(128)	(45)
Extraordinary items	9	5,427 (1,838)	4,049 —
Profit for the year		3,589	4,049
Dividends	11	(890)	(783)
Retained profit for the year	27	2,699	3,266
Retained profit in parent company £891,000 (1985 £42,000)	28		
Earnings per share	12	40.6p	30.3p

NOTES ON THE ACCOUNTS

Avon Rubber p.l.c.

1 Under the Companies Act 1985, the company is not required to present its own profit and loss account.

2 Turnover

External sales excluding VAT	1986 £'000	1985 £'000
By class of business		
Tyres/Motorway	130,381	124,521
Industrial Polymers	47,635	41,570
Lippiatt Hobbs	19,129	23,901
Inflatables	8,987	8,135
	<u>206,132</u>	<u>198,127</u>
By market		
United Kingdom	152,993	148,191
Other E.E.C. countries	27,546	25,202
Other European countries	8,358	8,131
North America	12,578	12,486
Other countries	4,657	4,117
	<u>206,132</u>	<u>198,127</u>

3 Profit on ordinary activities before taxation

	1986 £'000	1985 £'000
Profit on ordinary activities before taxation is stated after crediting:		
Rent receivable	65	46
and after charging:		
Depreciation for year:		
intangible fixed assets	—	12
tangible fixed assets	3,944	3,987
Auditors' remuneration	171	174
Operating leases:		
plant and machinery	2,755	3,264
other assets	1,695	1,681
Loss on foreign exchange	106	(14)

4 Profit by class of business

	1986 £'000	1985 £'000
Tyres/Motorway	4,936	3,560
Industrial Polymers	3,674	2,575
Lippiatt Hobbs	(62)	226
Inflatables	84	731
Operating profit before interest	8,632	7,092
Interest payable and similar charges	(3,113)	(2,887)
	<u>5,519</u>	<u>4,205</u>
Related companies	569	302
	<u>6,088</u>	<u>4,507</u>

5 Related companies

	1986 £'000	1985 £'000
Group share of profit	569	302
Less taxation received in dividend	254	139
	<u>31</u>	<u>22</u>
	<u>285</u>	<u>161</u>
Retained by related companies	284	141

Name of company	Share Capital	Held by the group	Accounting Date	Basis of Consolidation
Ames Avon Industries, USA	2 000 shares of no par value	49%	31 December	Audited accounts for 1985. Unaudited accounts for 9 months to September 1986
Avon Rubber Company (Kenya) Ltd Kenya	410 000 shares of 20 shillings each	47%	30 September	Audited accounts for 1986
Avon Marketing Services (Kenya) Ltd Kenya	130 000 shares of 20 shillings each	35%	30 September	Audited accounts for 1986
Avon Export Services Ltd Kenya	1 400 shares of 20 shillings each	39%	30 September	Audited accounts for 1986
Avon Ltd England	100 000 shares of £1 each	25%	31 December	Audited accounts for 1985
Société Française des Caoutchoucs Spencer Moulton France	66 000 shares of 50 francs each	50%	30 September	Unaudited accounts for 1986

Related companies are also associated companies within the meaning of Statement of Standard Accounting Practice No. 1.

NOTES ON THE ACCOUNTS

continued

6 Interest payable and similar charges

	1986 £'000	1985 £'000
On bank loans, overdrafts and other loans repayable:		
within 5 years, not by instalments	1,627	1,212
within 5 years, by instalments	7	43
	<u>1,634</u>	<u>1,255</u>
wholly or partly in more than 5 years	—	97
	<u>1,634</u>	<u>1,352</u>
Other interest payable and similar charges	1,479	1,535
	<u>3,113</u>	<u>2,887</u>

Other interest payable and similar charges includes £245,000 (1985 £206,000) in respect of finance leases

7 Trading results of operations outside the United Kingdom

	1986 £'000	1985 £'000
Contribution to group sales	7,851	6,751
E.E.C. countries	4,044	3,824
Other European countries	8,353	4,469
North America	748	975
Other countries	<u>20,996</u>	<u>16,019</u>
Contribution to group profit	172	(32)
E.E.C. countries	114	193
Other European countries	143	44
North America	(90)	(84)
Other countries	<u>339</u>	<u>121</u>
Operating profit before interest	(172)	(169)
Interest	<u>167</u>	<u>12</u>

8 Taxation

The taxation charge, based on the results for the year, is made up as follows

	1986 £'000	1985 £'000
United Kingdom corporation tax	473	357
United Kingdom advance corporation tax	(359)	(253)
Overseas taxes	195	170
Related companies	254	139
	<u>533</u>	<u>413</u>

The charge for United Kingdom corporation tax at the rate of 37% (1985 42%) is in respect of the profits for the year reduced by an excess of capital allowances over depreciation of £88,000 (1985 £335,000) and utilisation of tax losses of £3,601,000 (1985 £2,973,000) from previous years

The credit for United Kingdom advance corporation tax is in respect of tax previously written off now utilised against current mainstream taxation

8. Taxation continued

Advance corporation tax of £1,692,000 has been written back as an extraordinary item and is included in debtors. If deferred taxation was accounted for on the liabilities basis at 35% (1985 35%), the potential liability at the year end would be

	1986 £'000	1985 £'000
Capital allowances	2,829	2,988
Other timing differences	198	153
Relief for tax losses	(240)	(748)
Advance corporation tax	(34)	(1,264)
	<u>2,753</u>	<u>1,129</u>

There are tax losses of £685,000 (1985 £4,240,000), none of which relates to stock appreciation relief (1985 £1,387,000), available against future profits of certain subsidiary companies

Accumulated profits retained by overseas subsidiary companies, amounting to £1,196,000 (1985 £784,000), would be subject to additional taxation of approximately £234,000 (1985 £137,000) if distributed to their parent companies in the United Kingdom

9 Extraordinary items

	1986 £'000	1985 £'000
Loss on disposal of Avon Lippitt Hobbs companies	2,238	
Costs arising on rationalisation of Avon Industrial Polymers Ltd	900	
Avon Inflatables Ltd	314	
Avon Tyres Ltd	150	1,364
	<u>3,602</u>	
Less tax relief on costs of rationalisation	72	
	<u>3,530</u>	
advance corporation tax written back	1,692	
	<u>1,838</u>	

10 Post balance sheet events

On 28th October 1986 the entire share capital of COC PLC was acquired for £2,385,000

On 28th November 1986 a phased programme for the rationalisation of the Melksham and Chippenham factories was announced. This programme, which will be implemented during 1987, is expected to lead to some 730 redundancies and to cost up to £6,000,000. No provision for any such costs has been made in these accounts

11 Dividends

	1986 £'000	1985 £'000
Paid		
4.9% cumulative preference shares	25	25
Ordinary shares 2.5% interim (1985 2.2%)	333	292
Proposed		
Ordinary shares 4.0% final (1985 3.5%)	532	466
	<u>890</u>	<u>783</u>

12 Earnings per share

Earnings per share, calculated in accordance with Statement of Standard Accounting Practice No. 3, is based on a profit of £5,402,000 (1985 £4,024,000) and 13,303,000 ordinary shares, being the weighted average of the shares in issue during the year (1985 13,301,000).

1986 1985
£'000 £'000

The directors' remuneration disclosed above includes amounts paid to:

The chairman 10 8
The highest paid director 55 55

Numbers Numbers

Other directors' emoluments:

Up to £5,000 — 3
£5,001—£10,000 3 —
£10,001—£15,000 1 —
£15,001—£20,000 1 2
£20,001—£25,000 1 1
£25,001—£30,000 1 —

Other employees' remuneration

The number of employees of the group including those overseas, other than directors of the parent company, whose emoluments exceeded £30,000 was:

1986 1985
Group Group

£30,001—£35,000 5 6
£35,001—£40,000 5 3
£40,001—£45,000 3 2
£45,001—£50,000 — 1
£50,001—£55,000 — 1
£55,001—£60,000 1 —

There were no employees of the parent company, other than directors, whose emoluments exceeded £30,000. (1985 nil).

13 Employees

Staff costs during the year were:

	1986	1985
	£'000	£'000
Wages and salaries	45,906	42,933
Social security costs	3,410	3,192
Other pension costs	3,413	3,136
	<u>52,729</u>	<u>49,261</u>

The average weekly number of employees including those overseas during the year was.

	1986	1985
	Numbers	Numbers
Tyres/Motorway	2,944	2,952
Industrial Polymers	1,500	1,436
Lippiatt Hobbs	364	486
Inflatables	294	301
Parent	96	89
	<u>5,198</u>	<u>5,264</u>

Directors' remuneration

	1986	1985
	£'000	£'000
Fees	20	14
Other emoluments	297	235
	<u>317</u>	<u>249</u>

CONSOLIDATED BALANCE SHEET

at 27th September 1986

	Note	1986		1985	
		£'000	£'000	£'000	£'000
Fixed Assets					
Intangible assets	16		—		2,207
Tangible assets	14		23,873		23,247
Investments	17		1,772		1,351
			<u>25,645</u>		<u>26,805</u>
Current Assets					
Stocks	20	29,242		30,562	
Debtors	21	40,076		40,272	
Cash at bank and in hand		1,117		1,544	
		<u>70,435</u>		<u>72,378</u>	
Creditors					
Amounts falling due within one year	23	56,942		58,872	
Net Current Assets			<u>13,493</u>		<u>13,506</u>
Total Assets Less Current Liabilities			<u>39,138</u>		<u>40,311</u>
Creditors					
Amounts falling due after one year	23		3,517		5,159
Net Assets			<u>35,621</u>		<u>35,152</u>
Capital and Reserves					
Share capital	26		13,803		13,802
Share premium account	27		5,489		5,489
Revaluation reserve	27		1,843		1,738
Other reserves	27		285		80
Profit and loss account	27		13,847		13,764
Shareholders' Funds			<u>35,267</u>		<u>34,873</u>
Minority Interests			354		279
			<u>35,621</u>		<u>35,152</u>

These accounts were approved by the board of directors on 14th January 1987 and were signed on its behalf by.

Farnham

A. K. Mitchard

BALANCE SHEET

Avon Rubber p.l.c.

at 27th September 1986

	Note	1986 £'000	1986 £'000	1985 £'000	1985 £'000
Fixed Assets					
Tangible assets	15		5,847		5,894
Investments	18		1,855		3,848
			<u>7,702</u>		<u>9,742</u>
Current Assets					
Debtors	22	37,743		36,313	
Cash at bank and in hand		506		—	
		<u>38,249</u>		<u>36,313</u>	
Creditors					
Amounts falling due within one year	24	18,932		17,466	
Net Current Assets			<u>19,317</u>		<u>18,847</u>
Total Assets Less Current Liabilities			<u>27,019</u>		<u>28,589</u>
Creditors					
Amounts falling due after one year	24		347		2,409
Net Assets			<u><u>26,672</u></u>		<u><u>26,180</u></u>
Capital and Reserves					
Share capital	26		13,803		13,802
Share premium account	28		5,489		5,489
Revaluation reserve	28		290		299
Profit and loss account	28		<u>7,090</u>		<u>6,590</u>
Shareholders' Funds			<u><u>26,672</u></u>		<u><u>26,180</u></u>

These accounts were approved by the board of directors on 14th January 1987 and were signed on its behalf by

Farnham

A. K. Mitchard

NOTES ON THE ACCOUNTS

continued

14 Tangible fixed assets—Group

	Freeholds £'000	Long lease- holds £'000	Short lease- holds £'000	Plant and machinery £'000	Total £'000
Cost and valuation:					
At 28th September, 1985	8,359	1,013	859	43,808	54,039
Exchange differences	219	4	2	63	288
Acquisitions at cost	120	—	60	185	365
Additions at cost	240	1	39	5,767	6,047
Disposals	(26)	(45)	(28)	(6,102)	(6,201)
At 27th September 1986	<u>8,912</u>	<u>973</u>	<u>932</u>	<u>43,721</u>	<u>54,538</u>
Depreciation:					
At 28th September 1985	624	98	388	29,682	30,792
Exchange differences	16	—	1	42	59
On acquisitions	—	—	—	79	79
For the year	150	15	56	3,723	3,944
On disposals	(2)	—	(6)	(4,201)	(4,209)
At 27th September 1986	<u>788</u>	<u>113</u>	<u>439</u>	<u>29,325</u>	<u>30,665</u>
Net book value at 27th September 1986	<u>8,124</u>	<u>860</u>	<u>493</u>	<u>14,396</u>	<u>23,873</u>
Net book value at 28th September 1985	<u>7,735</u>	<u>915</u>	<u>471</u>	<u>14,126</u>	<u>23,247</u>
Fixed assets comprise:					
Cost	2,400	45	585	43,721	46,751
Valuation 1980	6,512	928	347	—	7,787
	<u>8,912</u>	<u>973</u>	<u>932</u>	<u>43,721</u>	<u>54,538</u>

Basis of the 1980 valuation was open market and existing use.

	1986 £'000	1985 £'000
Net tangible assets comprise:		
Owned assets	18,470	18,320
Leased assets	5,403	4,927
	<u>23,873</u>	<u>23,247</u>

Depreciation for the year comprises:

	1986 £'000	1985 £'000
Owned assets	2,665	2,726
Leased assets	1,279	1,261
	<u>3,944</u>	<u>3,987</u>

If land and buildings had not been revalued they would have been shown in the accounts at the following amounts:

	Freeholds £'000	Long lease- holds £'000	Short lease- holds £'000
Cost	8,981	513	801
Depreciation	2,413	122	365
Net book value at 27th September 1986	<u>6,568</u>	<u>391</u>	<u>436</u>
Net book value at 28th September 1985	<u>6,561</u>	<u>418</u>	<u>402</u>

15 Tangible fixed assets—Avon Rubber p.l.c.

	Freeholds £'000	Long lease- holds £'000	Short lease- holds £'000	Plant and machinery £'000	Total £'000
Cost and valuation					
At 28th September, 1985	4,731	615	—	1,710	7,056
Additions at cost	183	—	60	95	338
Inter company transfers	—	—	—	(39)	(39)
Disposals	(6)	—	—	(13)	(19)
At 27th September 1986	4,908	615	60	1,753	7,336
Depreciation					
At 28th September 1985	364	61	—	737	1,162
For the year	74	13	7	266	360
On inter company transfers	—	—	—	(21)	(21)
On disposals	—	—	—	(12)	(12)
At 27th September 1986	438	74	7	970	1,489
Net book value at 27th September 1986	4,470	541	53	783	5,847
Net book value at 28th September 1985	4,567	554	—	973	5,894
Fixed assets comprise:					
Cost	926	—	60	1,753	2,739
Valuation 1980	3,982	615	—	—	4,597
	4,908	615	60	1,753	7,336
Basis of the 1980 valuation was open market and existing use					
				1986 £'000	1985 £'000
Net tangible assets comprise					
Owned assets				5,276	5,175
Leased assets				571	788
				5,847	5,894
Depreciation for the year comprises:					
Owned assets				144	121
Leased assets				216	199
				360	320

if land and buildings had not been revalued they would have been included in the accounts at the following amounts:

	Freeholds £'000	Long lease- holds £'000
Cost	6,293	327
Depreciation	2,079	86
Net book value at 27th September 1986	4,219	241
Net book value at 28th September 1985	4,157	247

NOTES ON THE ACCOUNTS

continued

16 Intangible fixed assets

	Goodwill on consolidation £'000	Purchased goodwill £'000	Total £'000
At 28th September 1985	1,498	745	2,243
Additions	—	681	681
Disposal of former subsidiary	(245)	—	(245)
At 27th September 1986	1,253	1,426	2,679
Amount written off at 28th September 1985	—	36	36
Transfer to reserves	1,253	1,390	2,643
Amount written off at 27th September 1986	1,253	1,426	2,679
Net book value at 27th September 1986	—	—	—
Net book value at 28th September 1985	1,498	709	2,207

17 Fixed asset investments—Group

	£'000	Unlisted related companies £'000	Other unlisted investments £'000	Total £'000
Cost				
At 28th September 1985		341	17	358
Exchange differences		45	—	45
Additions		47	10	57
At 27th September 1986		433	27	460
Amount written off:				
At 27th September 1986		—	(8)	(8)
Group share of undistributed profits in related companies:				
At 28th September 1985	1,001			
For the year	284			
Unrealised exchange differences	35			
At 27th September 1986		1,320	—	1,320
Net book value at 27th September 1986		1,753	19	1,772
Net book value at 28th September 1985		1,342	9	1,351

A list of related companies appears on page 24

18 Fixed asset investments—Avon Rubber p.l.c.

	Subsidiary companies £'000	Unlisted related company £'000	Other unlisted investments £'000	Total £'000
Cost				
At 28th September 1985	4,568	25	—	4,593
Additions	—	—	10	10
Disposals	(2,003)	—	—	(2,003)
At 27th September 1986	2,565	25	0	2,600
Amount written off:				
At 27th September 1986	745	—	—	745
Net book value at 27th September 1986	1,820	25	10	1,855
Net book value at 28th September 1985	3,823	25	—	3,848

A list of subsidiary and related companies appears on page 24

19 Other financial commitments

	1986		1985	
	Group £'000	Parent £'000	Group £'000	Parent £'000
Capital expenditure: owned	332	1	569	4
leased	281	—	276	—
Future capital expenditure	1,364	40	1,413	—

Capital expenditure represents the amount committed at the end of the financial year for which no provision has been made in the accounts.

Future capital expenditure represents the amount authorised by the board at the end of the financial year for which no orders had been placed at that date.

The annual commitments for non-cancellable operating leases were:

	1986		1985	
	Land & buildings £'000	Other assets £'000	Land & buildings £'000	Other assets £'000
For leases expiring:				
Within 1 year	86	161	40	105
In 2-5 years	566	379	408	155
Over 5 years	1,385	26	1,401	46
	<u>2,037</u>	<u>566</u>	<u>1,849</u>	<u>306</u>

The majority of leases of land and buildings are subject to rent reviews.

20 Stocks

	1986 £'000	1985 £'000
Raw materials	3,625	3,937
Work in progress	6,385	6,412
Finished goods	19,232	20,213
	<u>29,242</u>	<u>30,562</u>

21 Debtors — Group

	1986 £'000	1985 £'000
Amounts falling due within one year	34,801	37,333
Trade debtors		
Amounts owed by related companies	108	94
Other debtors	1,061	1,443
Prepayments	1,439	1,050
	<u>37,409</u>	<u>39,920</u>

Amounts falling due after more than one year

	1986 £'000	1985 £'000
Trade debtors	37	15
Other debtors	2,630	137
	<u>2,667</u>	<u>352</u>
Total debtors	<u>40,076</u>	<u>40,272</u>

22 Debtors — Avon Rubber p.l.c.

	1986 £'000	1985 £'000
Amounts falling due within one year:		
Trade debtors	175	35
Amounts owed by subsidiary companies	17,699	17,884
Other debtors	496	—
Prepayments	29	58
	<u>18,399</u>	<u>17,977</u>

Amounts falling due after more than one year

	1986 £'000	1985 £'000
Amounts owed by subsidiary companies	18,000	18,000
Other debtors	1,344	336
	<u>19,344</u>	<u>18,336</u>
Total debtors	<u>37,743</u>	<u>36,313</u>

NOTES ON THE ACCOUNTS

continued

23 Creditors—Group		
Amounts falling due within one year	1986 £'000	1985 £'000
Current instalments due on loans	—	270
Bank overdrafts and loans (secured £6,535,000) (1985, £5,306,000)	9,322	6,404
Trade creditors	28,303	33,605
Finance leases	1,507	1,621
Bills of exchange payable	4,973	5,500
Acceptance credits (secured)	1,775	1,775
Corporation tax	435	541
Other taxation and social security payable	4,737	4,203
Other creditors	220	487
Accruals	5,158	3,740
Proposed dividend on ordinary shares	532	400
	<u>56,942</u>	<u>58,872</u>
Amounts falling due after more than one year	1986 £'000	1985 £'000
6½% 1st mortgage debenture stock 1983/88 (secured)	—	750
7½% 1st mortgage debenture stock 1985/90 (secured)	—	1,059
Loans (secured)	—	130
Trade Creditors	148	141
Finance leases	—	—
Up to 5 years	3,319	3,028
Over 5 years	—	13
Corporation tax	50	38
	<u>3,517</u>	<u>5,159</u>

The 1st mortgage debenture stocks were repaid, at par, on 20th September 1986.

The borrowings of the group are repayable:

1986		
	Bank overdrafts and loans £'000	Other borrowings £'000
In 1 year or less, or on demand	<u>9,322</u>	<u>1,775</u>
1985		
	Bank overdrafts and loans £'000	Other borrowings £'000
In 1 year or less, or on demand	<u>6,734</u>	<u>1,775</u>
Between 2 and 5 years	—	750
Over 5 years	—	1,189
	<u>6,734</u>	<u>3,714</u>

24 Creditors—Avon Rubber p.l.c.		
Amounts falling due within one year	1986 £'000	1985 £'000
Final instalment due on loan	—	270
Bank overdrafts	9,381	6,364
Trade creditors	151	210
Finance leases	253	255
Acceptance credits	1,775	1,775
Amounts owed to subsidiary companies	4,754	5,471
Corporation tax	353	325
Other taxation and social security payable	794	1,466
Other creditors	42	196
Accruals	897	662
Proposed dividend on ordinary shares	532	466
	<u>18,932</u>	<u>17,466</u>

Amounts falling due after more than one year:

6½% 1st mortgage debenture stock 1983/88	—	750
7½% 1st mortgage debenture stock 1985/90	—	1,059
Finance leases up to 5 years	347	600
	<u>347</u>	<u>2,409</u>

The assets of the company are subject to charges in respect of its borrowings and the borrowings of certain subsidiary companies amounting in total to £8,204,000 (1985 £9,042,000).

25 Contingent liabilities

	1986 Group £'000	Parent £'000
Overdraft facilities and loans of subsidiary companies	—	1,855
Bills under discount	559	—
Bills payable endorsed	—	951
Other guarantees	225	82
	<u>784</u>	<u>2,888</u>
	1985 Group £'000	Parent £'000
Overdraft facilities and loans of subsidiary companies	—	982
Bills under discount	716	—
Bills payable endorsed	—	1,726
Other guarantees	176	71
	<u>892</u>	<u>2,779</u>

26 Share capital

	1986 £'000	1985 £'000		1986 £'000	1985 £'000
Authorised:			Called up:		
19,000,000 Ordinary shares of £1 each	19,000	19,000	Ordinary shares of £1 each.		
500,000 4.9% cumulative preference shares of £1 each	500	500	13,303,455 (1985 13,302,210) allotted and fully paid	13,303	13,302
			500,000 4.9% cumulative preference shares of £1 each allotted and fully paid	500	500
	<u>19,500</u>	<u>19,500</u>		<u>13,803</u>	<u>13,802</u>

Under the Executive Share Option Scheme 1986, directors and other executives hold options to subscribe for ordinary shares of £1 each at an option price of £2.92. The options are exercisable between February 1989 and February 1996 for the following number of shares:

	At the beginning of the year	At the end of the year
J R Bradbeer	—	56,492
D L Gibson	—	55,630
A K Mitchard	—	61,813
B Stacey	—	58,219
Other executives	—	66,060

Under the savings related share option scheme, employees of the group have options to subscribe for 107,530 ordinary shares of £1 each, exercisable between October 1986 and December 1993 at prices varying from £1.00 to £3.22 per share.

27 Share premium account and reserves — Group

	Share Premium account £'000	Revaluation reserve £'000	Other reserves £'000	Profit and loss account £'000
At 28th September 1985	5,489	1,738	80	13,764
Revaluation deficit now realised	—	147	—	(152)
Transfer from revaluation reserve to profit and loss	—	(42)	—	42
Disposal of subsidiaries	—	—	—	(43)
Unrealised exchange differences	—	—	205	180
Goodwill written off	—	—	—	(2,643)
Retained profit for year	—	—	—	2,699
At 27th September 1986	<u>5,489</u>	<u>1,843</u>	<u>285</u>	<u>13,847</u>
Avon Rubber p l c. and subsidiaries	<u>5,489</u>	<u>1,843</u>	<u>243</u>	<u>12,569</u>
Related companies	—	—	42	1,278
At 27th September 1986	<u>5,489</u>	<u>1,843</u>	<u>285</u>	<u>13,847</u>

Goodwill previously carried in the balance sheet has been written off against reserves in accordance with Statement of Standard Accounting Practice No 22

28 Share premium account and reserves — Avon Rubber p.l.c.

	Share Premium account £'000	Revaluation reserve £'000	Profit and loss account £'000
At 28th September, 1985	5,489	299	6,590
Transfer from revaluation reserve to profit and loss	—	(9)	9
Goodwill written off	—	—	(400)
Retained profit for year	—	—	891
At 27th September, 1986	<u>5,489</u>	<u>290</u>	<u>7,090</u>

SOURCE AND APPLICATION OF FUNDS

For the year ended 27th September 1986

Source of funds	£'000	1986 £'000	1985 £'000
From internal sources:			
Profit (excluding minority interests) before tax		5,960	4,462
Adjustments for items not involving the movement of funds:			
Depreciation and amounts written off assets	3,944		3,999
Revaluation surplus now realised	(5)		(36)
Minority interests	75		(7)
Profits retained in related companies	(538)		(280)
Disposal of subsidiary companies	(43)		—
		3,433	3,676
Total generated from operations		9,393	8,138
From external sources:			
Issue of shares for cash		1	9,900
		9,394	18,038
Increase in funds			
Other adjustments for items not involving the movement of funds:			
Increase in unrealised exchange gains on current assets		578	(46)
		9,972	17,992
Application of funds			
Net increase in fixed assets and investments	4,901		5,095
Goodwill	435		—
Dividends paid	824		517
Tax paid	301		252
Redemption of debentures	1,809		25
Extraordinary items	3,602	11,872	—
Increase in working capital			
Stocks	(1,320)		2,753
Debtors	(1,888)		4,042
Creditors	4,357		(5,021)
Finance leasing	(164)	985	(970)
			804
Movement in net liquid funds			
Increase in bank borrowing	(2,885)		10,074
Reduction of acceptance credits	—	(2,885)	1,225
		9,972	17,992

This statement includes the effect of the following sales and purchases:

Sale of Avon Lippatt Hobbs companies

Comprising

	£'000
Goodwill	245
Fixed assets	2,066
Stocks	2,751
Debtors	5,339
Cash	13
Creditors	(5,875)
Minority interest	(53)
	4,486

Discharged by

	£'000
Cash	1,450
Deferred payment	650
Losses and reserves no longer consolidated	2,386

Purchase of Avon Seagull Marine and Galt Composites

Comprising

	£'000
Goodwill	661
Fixed assets	285
Stock	788
Debtors	467
Creditors	(851)
Overdraft	(490)
	860

Cash paid

ACCOUNTING POLICIES

Avon Rubber p.l.c.

For the year ended 27th September 1986

The bases set out below are those used in the group and parent company accounts in the year ended 27th September 1986, and, except where indicated, are consistent with those used last year.

Accounts are prepared on the historical cost basis, modified by the inclusion of certain fixed assets at valuation.

Accounting period

The company's accounting period ends on the Saturday nearest to 30th September each year. The period ended 27th September 1986 consists of 52 weeks.

Stocks

Finished products are valued at the lower of purchase price, manufacturing cost or net realisable value, after taking account of any slow moving or obsolete items. Distribution and administration expenses are not included in the valuation.

Work in progress is valued at material cost plus manufacturing labour and overheads.

Raw materials are valued at purchase price but reduced to net replacement cost if lower.

Leased assets

Assets which are the subject of finance leases are dealt with as tangible assets and equivalent liabilities at the cost of outright purchase.

Rentals are apportioned between reduction of the liabilities and finance charges calculated on a straight line basis over the primary lease period.

Depreciation

No depreciation is provided on freehold land where its value can be separately ascertained. In all other cases, freehold properties are depreciated on the straight line method at 2% per annum.

Leasehold properties are amortised over the life of the lease by equal annual instalments.

Plant and machinery is depreciated on the straight line method at rates varying between 7% and 50% per annum.

Research and development

All research and development costs are written off in the year in which they are incurred.

Taxation

No provision for deferred taxation is made where there is reasonable evidence that no liability is likely to arise in the foreseeable future as a result of reversal of timing differences.

Consolidation

The consolidated accounts include the accounts of all subsidiary companies and the share of undistributed profits, less appropriate taxation, of related companies. The related companies are also associated companies within the meaning of Statement of Standard Accounting Practice No. 1.

Exchange rates

Assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange at the balance sheet date or the rate of exchange at which the transaction is contracted to be settled in the future.

Exchange profits and losses arising from the translation of the balance sheets of foreign subsidiary companies are taken to reserves. All other exchange differences are taken to profit and loss account.

SUBSIDIARY AND RELATED COMPANIES

at 27th September 1986

Held by Parent Company		Country of incorporation
Avon Industrial Polymers Limited		England
Avon Inflatables Limited		England
Avon Rubber Company East Africa Limited		England
Avon Technical Services Limited		England
Avon Tyres Limited		England
Motorway Tyres and Accessories Limited		England
Held by Subsidiary Companies		
Avon-Ames Limited	51%	England
Avon Illinois Inc.		U.S.A.
Avon Inflatables of Canada Limited		Canada
Avon Reifen (Deutschland) GmbH		W. Germany
Avon Rubber (Australia) Pty Limited		Australia
Avon Seagull Marine Inc.		U.S.A.
Avon (Suisse) SA		Switzerland
Bell Avon Inc.	80%	U.S.A.
Galt Composites Limited		England
Galt Composites (Overseas) Limited		England
Motorway Tyres & Batteries Limited		Eire
Related Companies		
Ames-Avon Industries	49%	U.S.A.
Avon Export Services Limited	39%	Kenya
Avon Marketing Services (Kenya) Limited	35%	Kenya
Avon Rubber Company (Kenya) Limited	47%	Kenya
Avonride Limited		
(held by parent company)	25%	England
Société Française des Caoutchoucs		
Spencer-Moulton	50%	France

Shareholdings are ordinary shares and are wholly owned except where shown. Related company shareholdings are held by subsidiary companies except where shown.

The country of incorporation is the principal country of operation.

A number of non-trading and small subsidiary and related companies have been omitted on the grounds of immateriality.

AUDITORS' REPORT

Avon Rubber p.l.c

To the members of Avon Rubber p.l.c.

We have audited the accounts on pages 10 to 24 in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group at 27th September 1986, and of the profit and source and application of funds of the group for the year then ended, and comply with the Companies Act 1985.

Deloitte Haskins & Sells

Deloitte Haskins & Sells
Chartered Accountants
Bristol
15th January 1987

FIVE YEAR RECORD

	1986 £'000	1985 £'000	1984 £'000	1983 £'000	1982 £'000
Turnover	206,132	198,127	180,402	171,829	151,160
Group profit	12,576	11,091	9,881	7,568	4,834
Balance on trading	569	302	747	313	148
Share of profits of related companies	13,145	11,393	10,628	7,881	4,982
Depreciation	3,944	3,999	3,770	2,580	2,677
Operating profit	9,201	7,394	6,858	5,301	2,305
Interest	3,113	2,887	3,329	2,982	3,346
Profit before taxation	6,088	4,507	3,529	2,319	(1,041)
Taxation	533	413	643	423	215
Profit after taxation	5,555	4,094	2,886	1,896	(1,256)
Minority interests	128	45	26	23	(56)
Extraordinary items	5,427	4,049	2,860	1,873	(1,200)
	1,838	—	—	—	4,796
Profit attributable to Avon shareholders	3,589	4,049	2,860	1,873	(5,996)
Preference dividends	25	25	25	25	25
Ordinary dividends	865	758	332	199	66
Profits retained	2,699	3,266	2,503	1,649	(6,087)
Capital employed	25,645	26,805	25,809	21,717	20,768
Fixed assets and investments	21,073	18,795	16,715	21,460	22,252
Working capital	—	—	10,307	—	—
Rights issue	—	—	—	—	—
Assets employed	46,718	45,600	52,831	43,177	43,020
Financed by	13,303	13,302	13,300	6,637	6,637
Ordinary share capital	21,464	21,071	18,128	12,196	10,345
Reserves attributable to Avon shareholders	—	—	—	—	—
Ordinary shareholders' capital employed	34,767	34,373	31,428	18,833	16,982
Preference share capital	500	500	500	500	500
Minority shareholders' interests	354	279	286	244	219
Debenture stocks	—	1,809	1,834	1,885	1,926
Other borrowings	11,097	8,639	18,783	21,715	23,393
Capital employed	46,718	45,600	52,831	43,177	43,020
Earnings per share	40.6p	30.3p	39.2p*	25.7p*	(17.1)p*
Dividends per share	6.5p	5.7p	5p	3p	1p

*Adjusted for rights issue

SHAREHOLDERS AND FINANCIAL CALENDAR

Avon Rubber p.l.c.

Shareholders

On 31st December 1986 the company had the following number of shareholders:

£1 ordinary shares 2,355

4 9% cumulative preference shares 83

Of the ordinary shareholders 1,646 (69.9%) had holdings of 1,000 shares or less

Financial calendar

Interim figures are announced in May and final results in December.

Preference dividend paid on 31st December and 30th June.

Interim ordinary dividend declared in May and paid in July.

Final ordinary dividend announced together with the results for the year in December and paid in February.

Annual general meeting held in February