

# AVON POLYMER PRODUCTS LIMITED

## DIRECTORS' REPORT

Directors Peter C Slabbert (Chairman)  
Andrew G Lewis  
Miles Ingrey-Counter

Secretary. Miles Ingrey-Counter  
Registered Office Hampton Park West  
Semington Road  
Melksham  
Wiltshire  
SN12 6NB

The directors present the annual report and audited financial statements of the company for the year ended 30 September 2011. The profit on ordinary activities after taxation amounts to £3,395,929 (2010 £3,801,952), Sales for the year totalled £19,268,773, (2010 £18,423,770). Full details are set out in the attached profit and loss account.

No dividends have been paid or proposed during the year (2010 nil)

### 1 PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company specialises in two areas: Protection & Defence and Dairy.

In the Protection & Defence business, external sales fell by 2%, reversing last year's growth, due to lower sales to the UK MoD, as the three year contract came to an end. This resulted in a small reduction in trading operating profit which was off-set by an increase in other operating income.

The Dairy business has continued to grow with revenues increasing by 14%. Operating profit, excluding a credit of £1,506,000 in 2010 relating to the divestment of the right to sell milk-rite products in China, grew from £347,094 to £956,992 reflecting the full year benefit of the outsourcing of manufacturing to the Czech Republic.

The business is subject to a number of risks and uncertainties. Discussion of these risks and uncertainties, in the context of the Avon Rubber Group, is provided on pages 18-19 of the group annual report, together with an analysis of Key Performance Indicators which the group employs.

### 2. DIRECTORS

None of the directors had a beneficial interest in the shares of the company.

The beneficial interests of Mr Slabbert and Mr Lewis in the shares and share options of the ultimate holding company, Avon Rubber plc, are disclosed in the financial statements of that company.

None of the remaining directors had beneficial interests in the ordinary shares of the ultimate holding company, Avon Rubber plc.

Under the Performance Share Plans 2002 and 2010, a description of which is given in the Reports and Accounts of the ultimate controlling party Avon Rubber plc, the following options were granted:

	Granted 2008/9 (for the qualifying period ending 30 Sep 2011)	Granted 2009/10 (for the qualifying period ending 30 Sep 2012)	Granted 2010/11 (for the qualifying period ending 30 Sep 2013)	Total option awards outstanding at 30 Sep 2011
M Ingrey-Counter	60,000	56,485	30,725	147,210

### **3. RESEARCH AND DEVELOPMENT**

The company carries out selective programmes of research to improve its major processes and abilities to develop new products. The company's investment in research and development for the year to 30 September 2011 amounted to £484,363 (2010 £495,036) of which £181,363 (2010 £163,036) has been capitalised as intangible assets.

### **4. DISABLED PERSONS**

It has been the policy of the company throughout the year to encourage the employment and development of suitable disabled persons.

No unnecessary limitations are placed on the type of work which disabled persons 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.

### **5. EMPLOYEE INVOLVEMENT**

Employee consultation, communication and involvement have long been recognised as being of great value and these practices will be maintained as a vital element in our drive to achieve the highest standards of training and development. Consultation enables employees' views to be taken into account in matters which may affect their interests and, as part of our continuous improvement activity, supervisors and employees meet regularly to tackle problems together in a teamwork atmosphere.

### **6. CREDITOR PAYMENT POLICY**

It is the company's policy to agree terms and conditions under which business transactions with suppliers are conducted. Payments to suppliers are made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions.

For the year ended 30 September 2011, the number of days' purchases outstanding at the end of the financial year were 31.7 days (2010 40.1 days), based on the ratio of trade creditors at the end of the year to the amounts invoiced during the year by trade creditors.

## **7. AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS**

Each director confirms that on the date that this report was approved

- As far as they are aware, there is no relevant audit information of which the auditors are unaware,
- They have taken all the steps they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

## **8. AUDITORS**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the annual general meeting



By order of the board

**M. Ingre Counter,**

Company Secretary  
Melksham, Wiltshire

2 February 2012

## STATEMENT OF 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 prepared 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

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



By order of the board

**M. Ingre-Counter**

Company Secretary  
Melksham, Wiltshire

2 February 2012

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVON POLYMER PRODUCTS LIMITED**

We have audited the financial statements of Avon Polymer Products Limited for the year ended 30 September 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Accounting Policies 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).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 3 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **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. 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 September 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 matter 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.

### **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



Mark Ellis (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Bristol

2 February 2012

# AVON POLYMER PRODUCTS LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 September 2011

	2011	2010
	£	£
Turnover (notes 2 & 3)	19,268,773	18,423,770
Cost of sales	(14,910,405)	(14,063,604)
<b>Gross profit</b>	<b>4,358,368</b>	<b>4,360,166</b>
Distribution costs	(741,439)	(924,005)
Administrative expenses	(1,391,642)	(1,751,176)
Other operating income (note 4)	1,171,684	2,109,742
<b>Operating profit (note 3)</b>	<b>3,396,971</b>	<b>3,794,727</b>
Operating profit is analysed as		
Before depreciation and amortisation	4,477,033	4,881,129
Depreciation and amortisation	(1,080,062)	(1,086,402)
<b>Operating profit</b>	<b>3,396,971</b>	<b>3,794,727</b>
Income from shares in group undertakings	-	63,620
Amounts written off investments	-	(38,249)
Interest payable and similar charges (note 5)	(1,042)	(18,146)
<b>Profit on ordinary activities before taxation (note 6)</b>	<b>3,395,929</b>	<b>3,801,952</b>
Tax on profit on ordinary activities (note 7)	-	-
<b>Profit for the year (note 18)</b>	<b>3,395,929</b>	<b>3,801,952</b>

The company has no recognised gains or losses, in the current or prior year, other than those included in the results above

There is no difference between the profit as stated above and that calculated on an historical cost basis

All results derive from continuing operations in both the current and prior years

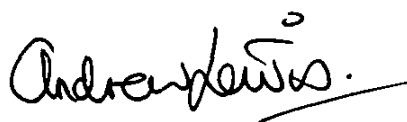
# AVON POLYMER PRODUCTS LIMITED

## BALANCE SHEET

AS AT 30 September 2011

	2011		2010	
	£	£	£	£
<b>FIXED ASSETS</b>				
Intangible assets (note 10)		399,698		1,202,395
Tangible assets (note 11)		1,818,256		2,366,219
Investments (note 13)		8,082,807		8,082,807
		<u>10,300,761</u>		<u>11,651,421</u>
<b>CURRENT ASSETS</b>				
Stocks (note 14)	1,302,091		1,303,508	
Debtors (note 15)	4,894,236		6,270,530	
Cash at bank and in hand	14,147		38,864	
	<u>6,210,474</u>		<u>7,612,902</u>	
<b>CREDITORS</b>				
Amounts falling due within one year (note 16)	(16,076,191)		(22,225,208)	
<b>NET CURRENT LIABILITIES</b>		<u>(9,865,717)</u>		<u>(14,612,306)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		435,044		(2,960,885)
<b>NET LIABILITIES</b>		<u>435,044</u>		<u>(2,960,885)</u>
<b>CAPITAL AND RESERVES</b>				
Share capital (note 17)		36,367,717		36,367,717
Profit and loss account (note 18)		(35,932,673)		(39,328,602)
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS (DEFICIT) (note 19)</b>		<u>435,044</u>		<u>(2,960,885)</u>

These financial statements were approved by the board of directors on 2 February 2012 and were signed on its behalf by



Peter C Slabbert  
Andrew G Lewis

 } Directors

The notes on pages 9 to 18 form part of the financial statements



# **AVON POLYMER PRODUCTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. ACCOUNTING POLICIES**

#### **Basis of Preparation**

The financial statements have been prepared, on a going concern basis and in accordance with the Companies Act 2006, as amended, and with all applicable Accounting Standards in the United Kingdom under the historical cost convention. A summary of the more important accounting policies, which have been applied consistently, is set out below.

The going concern basis of preparation is considered to be appropriate as Avon Rubber plc have confirmed that it will continue to provide financial support, from its existing banking facilities, for the foreseeable future to ensure the ongoing viability of the company is not prejudiced.

As Avon Polymer Products Limited is a wholly owned subsidiary company of Avon Rubber plc, incorporated in Great Britain, which is the ultimate parent company, consolidated accounts have not been prepared.

#### **Cash Flow Statement**

The company's cash flows are included in the consolidated financial statements of its ultimate controlling company, Avon Rubber plc. The company has therefore taken advantage of the exemption conferred by FRS1 (revised) and has not presented a cash flow statement. Copies of the consolidated accounts of Avon Rubber plc can be obtained from the address disclosed in note 22.

#### **Pensions**

The company is a participating member of the Avon Rubber plc Group Pension Scheme which is a contributory defined benefits plan to provide pension and death benefits for the company's employees, employed prior to 31 January 2003. The scheme was closed to future accrual on 1 October 2009. The assets of the plan are held in separate trustee administered funds. The trustee is Avon Rubber Pension Trust Limited.

The company is unable to identify its share of the underlying assets and liabilities of the Group scheme on a consistent and reliable basis. It has therefore taken advantage of the exemption under Financial Reporting Standard 17, paragraph 9 to treat the scheme as a defined contribution scheme. Pension costs are accounted for by charging to the profit and loss account the amount paid over to the scheme. The disclosures have been presented in respect of the pension scheme as a whole in the report and accounts of the ultimate parent company, Avon Rubber plc.

On 1 February 2003 a defined contribution scheme was introduced for new employees. The cost is charged to the profit and loss account in the period to which the contributions relate.

#### **Stocks**

Stocks and work in progress are stated at the lower of cost and net realisable value. In the case of manufactured products, cost includes all direct expenditure and production overheads based on a normal level of activity. Where necessary, provision is made for obsolete, slow moving and defective stocks.

#### **Interest Payable**

Interest is capitalised gross during the period of construction when it relates either to the financing of major projects with long periods of development or to dedicated financing of other projects. All other interest is charged against income.

### **Leased Assets**

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The capital element of repayments is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting period. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

### **Tangible Fixed Assets**

Tangible fixed assets are stated at historical cost less accumulated depreciation. Plant and machinery are depreciated on the straight line method at rates varying between 6% and 50% per annum.

### **Fixed Asset Investments**

Fixed asset investments are stated at cost less amounts written off to reflect any permanent diminution in value.

### **Impairment of Fixed assets and Investments**

Impairment reviews are undertaken if events or changes in circumstances indicate that the carrying amount of the tangible fixed asset or investment may not be recoverable. If the carrying amount exceeds its recoverable amount (being the higher of the value in use and the net realisable value) then the fixed asset is written down accordingly. Where recoverable amount is based on value in use, discount rates of typically between 10% and 15% are used depending on the risk attached to the underlying asset.

### **Provisions for liabilities**

Provisions are recognised when a liability exists at the year end that can be measured reliably, there is an obligation to one or more third parties as a result of past transactions or events and there is an obligation to transfer economic benefits in settlement.

Provisions are calculated based on management's best estimate of the expenditure required to settle the present obligation at the balance sheet date, after due consideration of the risks and uncertainties that surround the underlying event. Provision for reorganisation costs are made where a detailed plan has been approved and the expectation has been raised in those affected by the plan that the company will carry out the reorganisation.

### **Research and Development**

All research and development costs are written off in the year in which they are incurred with the exception of certain major product development projects where reasonable certainty exists as regards technical and commercial viability. Such expenditure is capitalised and amortised over the expected useful life of the development, commencing in the year when sales of the product are made for the first time.

### **Taxation**

In accordance with FRS 19 (Deferred Tax), full provision (on an undiscounted basis) is made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in the tax computation. Deferred tax assets are recognised only to the extent that they are more likely than not to be recovered.

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### **Exchange Rates**

Monetary 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 differences are taken to the profit and loss account in the year in which they arise

### **Turnover**

Turnover, which excludes value added tax and trade discounts, represents the value of goods and services supplied and is recognised when the risks and rewards of ownership pass to the customer and when collectability of the related receivables is reasonably assured

### **Trade Debtors**

Trade debtors are stated at cost after deduction of provision for impairment.

### **Trade Creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

## 2. TURNOVER

	2011	2010
	£	£
Sales excluding VAT.		
External customers	14,847,218	15,141,026
Group Undertakings	4,421,555	3,282,744
	<u>19,268,773</u>	<u>18,423,770</u>

## 3. SEGMENTAL INFORMATION

By destination	2011 Turnover £	2010 Turnover £
Europe	11,919,483	13,880,894
North America	4,702,674	3,564,754
Rest of World	2,646,616	978,122
Total	<u>19,268,773</u>	<u>18,423,770</u>

By Business Segment	2011 Turnover £	2011 Operating profit £
Protection & Defence	11,247,666	2,439,979
Dairy	8,021,107	956,992
	<u>19,268,773</u>	<u>3,396,971</u>

	2010 Turnover £	2010 Operating profit £
Protection & Defence	11,371,982	1,941,633
Dairy	7,051,788	1,853,094
	<u>18,423,770</u>	<u>3,794,727</u>

## 4. OTHER OPERATING INCOME

Other operating income in 2011 relates to the licensing of the right to use certain Protection & Defence product approvals owned by Avon Polymer Products (£1,050,110), and Dairy product approvals (£121,574)

Other operating income in 2010 relates to the divestment of the right to sell milk-rite products in China (£1,506,000), and the licensing of the right to use certain Protection and Defence product approvals owned by Avon Polymer Products (£603,742)

## 5. NET INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £	2010 £
Bank loans and overdrafts	<u>1,042</u>	<u>18,146</u>

## 6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2011	2010
Profit on ordinary activities before taxation is stated after charging	£	£
Depreciation on tangible fixed assets	592,252	612,949
Amortisation of intangibles	487,810	473,453
Auditors' remuneration	12,445	13,325
Research and development	303,000	332,000
Operating leases - plant and machinery	21,652	26,377
Loss on foreign exchange	286,750	-
And after crediting		
Gain on foreign exchange	-	139,000

## 7 TAX ON PROFIT ON ORDINARY ACTIVITIES

### a) Analysis of charge in year

	2011	2010
	£	£
Deferred taxation	-	-
Adjustments in respect of previous periods	-	-
Taxation charge	-	-

### b) Factors affecting current tax charge

	2011	2010
	£	£
Profit on ordinary activities before taxation	3,395,929	3,801,952
Profit on ordinary activities at the average standard UK tax rate of 27% (2010 28%)	916,901	1,064,547
Expenses not deductible for tax purposes	90	11,070
Imputed interest on intercompany loans	(117,271)	-
Non taxable income	-	(17,814)
Accelerated capital allowances and other timing differences not recognised	(369,286)	(483,674)
Utilisation of brought forward losses	(430,434)	(574,129)
Current tax charge for the year	-	-

### c) Deferred taxation

	2011		2010	
	Provided	Amount Unprovided	Provided	Amount Unprovided
	£	£	£	£
Capital allowances	-	(1,554,774)	-	(1,522,551)
Losses	-	(4,777,293)	-	(5,963,209)
Short term timing differences	-	(23,480)	-	(22,764)
Unprovided asset	-	(6,355,547)	-	(7,508,524)

d) The company has unprovided deferred tax assets of £6,355,547 (2010-£7,508,524) As the future profitability of the company continues to be reviewed, these assets may be recognised in subsequent accounting periods

During the year, the relevant deferred tax balances have been re-measured as a result of the change in the UK main corporation tax rate to 26%, which was substantively enacted on 29 March 2011 and will be effective from 1 April 2011, and to 25%, which was substantively enacted on 5 July 2011 and will be effective from 1 April 2012 The effect of this on the opening total unprovided tax asset was a reduction of £556,187

Further reductions to the UK corporation tax rate were announced in the March 2011 Budget. The changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 23% by 1 April 2014.

The changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements.

## 8. EMPLOYEES

Staff costs during the year were	2011 £	2010 £
Wages and salaries	4,840,551	5,015,028
Social security costs	403,816	412,996
Other pension costs	253,804	528,036
	<u>5,498,171</u>	<u>5,956,060</u>
Average number of employees	2011	2010
Protection & Defence	135	137
Dairy	16	16
	<u>151</u>	<u>153</u>

The emoluments of all the directors are paid by the parent company. Their services to this company and to a number of fellow subsidiaries are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the parent company. Accordingly, the above details include no emoluments in respect of the directors.

Retirement benefits are accruing to all directors under the group defined benefit or defined contribution section of the scheme.

## 9. PENSIONS

The company is a participating member of the Avon Rubber plc Group Pension Scheme which is a contributory defined benefits plan to provide pension and death benefits for the company's employees, employed prior to 31 January 2003. The scheme closed to future accrual on 1 October 2009. The assets of the plan are held in separate trustee administered funds. The trustee is Avon Rubber Pension Trust Limited.

The company is unable to identify its share of the underlying assets and liabilities of the Group scheme on a consistent and reliable basis. It has therefore taken advantage of the exemption under Financial Reporting Standard 17 paragraph 9 to treat the scheme as a defined contribution scheme. Pension costs are accounted for by charging to the profit and loss account the amount paid over to the scheme. The disclosures have been presented in respect of the pension scheme as a whole in the report and accounts of the ultimate parent company, Avon Rubber plc. The pension cost to the company was £nil (2010 £300,000).

In addition, commencing 1 February 2003 a defined contribution scheme was introduced for new employees. The cost to the company in respect of this scheme for the year ended 30 September 2011 amounted to £253,804 (2010 £228,036).

## 10. INTANGIBLE FIXED ASSETS

	£
Development expenditure	
Cost	
At 1 October 2010	2,623,585
Additions	181,363
Transfers to other group companies	(2,229,299)
At 30 September 2011	<u>575,649</u>
Amortisation	
At 1 October 2010	1,421,190
Charge for the year	487,810
Transfer to other group companies	(1,733,049)
At 30 September 2011	<u>175,951</u>
Net book value at 30 September 2011	<u>399,698</u>
Net book value of 30 September 2010	<u>1,202,395</u>

## 11 TANGIBLE ASSETS

	Plant and Machinery £
Cost	
At 1 October 2010	12,049,332
Additions at cost	502,764
Disposals	(163,433)
Transfer to other group companies	(852,123)
At 30 September 2011	<u>11,536,540</u>
Depreciation	
At 1 October 2010	9,683,113
Charge for the year	592,252
Disposals	(153,742)
Transfer to other group companies	(403,339)
At 30 September 2011	<u>9,718,284</u>
Net book value at 30 September 2011	<u>1,818,256</u>
Net book value at 30 September 2010	<u>2,366,219</u>

## 12. FINANCIAL COMMITMENTS

	2011 £	2010 £
Capital expenditure committed	<u>73,214</u>	<u>56,527</u>

Capital expenditure committed represents the amount committed at the end of the financial period for which no provision has been made in the financial statements

The annual commitments for non-cancellable operating leases expiring in the given time periods were

	Other assets	
	2011 £	2010 £
Within one year	10,562	6,382
In 2 - 5 years	<u>32,179</u>	<u>7,864</u>
	<u>42,741</u>	<u>14,246</u>

There are no commitments relating to Land and Buildings

## 13 INVESTMENTS

Name	Percentage of Shareholding	2011 £	2010 £
Avon-Ames Limited	100%	1	1
Avon Group Limited	100%	8,052,806	8,052,806
Avon Protection Systems UK Limited	100%	<u>30,000</u>	<u>30,000</u>
		<u>8,082,807</u>	<u>8,082,807</u>

All shareholdings are ordinary shares

All of the above companies are incorporated in Great Britain

All subsidiaries are non-trading

## 14. STOCKS

	2011 £	2010 £
Raw materials	460,432	354,152
Work in progress	148,432	138,802
Finished goods	<u>693,227</u>	<u>810,554</u>
	<u>1,302,091</u>	<u>1,303,508</u>



**15. DEBTORS**

	2011 £	2010 £
Amounts falling due within one year		
Trade debtors	2,862,179	1,890,336
Amount owed by group undertakings	1,663,576	3,789,878
Other debtors	368,481	590,316
	<u>4,894,236</u>	<u>6,270,530</u>

**16. CREDITORS**

	2011 £	2010 £
Amounts falling due within one year		
Bank overdrafts	126,846	467,317
Trade creditors	1,307,810	1,114,308
Amount owed to group undertakings	13,392,145	19,657,106
Other taxation and social security payable	224,974	243,145
Other creditors	488	11,340
Accruals and deferred income	1,023,928	731,992
	<u>16,076,191</u>	<u>22,225,208</u>

**17 SHARE CAPITAL**

	2011 £	2010 £
Allotted, called up and fully paid		
36,367,717 ordinary shares of £1 each	<u>36,367,717</u>	<u>36,367,717</u>

**18. RESERVES**

	Profit and Loss Account £
At 30 September 2010	(39,328,602)
Current year profit	3,395,929
At 30 September 2011	<u>(35,932,673)</u>

**19 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS/(DEFICIT)**

	2011 £	2010 £
Opening shareholders' deficit	(2,960,885)	(6,762,837)
Profit for the financial year	<u>3,395,929</u>	<u>3,801,952</u>
Closing shareholders' funds/(deficit)	<u>435,044</u>	<u>(2,960,885)</u>

## **20. CONTINGENT LIABILITIES**

A cross guarantee arrangement exists between the company and other group companies in relation to overdraft facilities. At the year end the company had no liability, recorded in these accounts, under this arrangement.

## **21. RELATED PARTIES**

The company has taken advantage of the dispensation permitted under FRS8, Related Party Transactions, not to disclose transactions or balances with other group companies as it is a wholly owned member of the Avon Rubber p l c group of companies. Copies of the consolidated accounts of Avon Rubber p l c can be obtained from the address disclosed in note 22.

## **22. ULTIMATE CONTROLLING PARTY**

The immediate parent company and ultimate controlling party is Avon Rubber p l c , incorporated in Great Britain and registered in England and Wales. Consolidated accounts incorporating the results of the company are prepared by Avon Rubber p l c only and no other intermediate holding company. Copies of the consolidated financial statements may be obtained from Fiona Stewart, Corporate Communications Executive, Avon Rubber p l c , Hampton Park West, Semington Road, Melksham, Wiltshire, SN12 6NB or by visiting <http://www.avon-rubber.com/financial-reports.htm>