

# AVON INDUSTRIAL POLYMERS LIMITED

## DIRECTORS' REPORT

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

**Secretary** Miles Ingreyc-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

### 1 PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company is an investment company. The value of the investment in Nova Insurance Limited has been written down in the year by £1,034,760 to reflect the net book value of Nova Insurance Limited as at 30 September 2011.

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

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 17-19 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 Peter Slabbert and Mr Andrew 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 2008/09 (for the qualifying period ending 30 Sep 2010)	Granted 2009/10 (for the qualifying period ending 30 Sep 2011)	Granted 2010/11 (for the qualifying period ending 30 Sep 2012)	Total option awards outstanding at 30 Sep 2011
M Ingreyc-Counter	60,000	56,485	30,725	147,210



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### 3 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

### 4 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 Ingrey-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 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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. Ingrey-Counter**

Company Secretary  
Melksham, Wiltshire

2 February 2012

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVON INDUSTRIAL POLYMERS LIMITED**

We have audited the financial statements of Avon Industrial Polymers 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 loss 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**

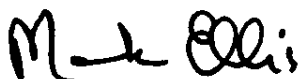
In our opinion, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **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 INDUSTRIAL POLYMERS LIMITED**

## **PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 30 SEPTEMBER 2011**

	2011	2010
	£	£
Income from interests in subsidiary undertakings (note 4)	896,000	-
Write down of investment in subsidiary undertaking (note 3)	(1,034,760)	
<b>Loss for the year</b>	<b>(138,760)</b>	<b>-</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 loss as stated above and that calculated on an historical cost basis for both the current and prior year

# AVON INDUSTRIAL POLYMERS LIMITED

## BALANCE SHEET

AS AT 30 September 2011

	2011 £	2010 £
<b>FIXED ASSETS</b>		
Investments (note 3)	300,000	1,334,760
<b>CURRENT ASSETS</b>		
Debtors (note 4)	896,500	500
Creditors – Amounts falling due within one year (note 5)	<u>(3,730,795)</u>	<u>(3,730,795)</u>
<b>NET CURRENT LIABILITIES</b>	<b>(2,834,295)</b>	<b>(3,730,295)</b>
<b>NET LIABILITIES</b>	<b><u>(2,534,295)</u></b>	<b><u>(2,395,535)</u></b>
<b>CAPITAL AND RESERVES</b>		
Share capital (note 6)	500	500
Profit and loss account (note 7)	<b>(2,534,795)</b>	<b>(2,396,035)</b>
<b>TOTAL EQUITY SHAREHOLDERS' DEFICIT (note 8)</b>	<b><u>(2,534,295)</u></b>	<b><u>(2,395,535)</u></b>

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 8 to 10 form part of the financial statements

# **AVON INDUSTRIAL POLYMERS 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.

#### **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 financial statements of Avon Rubber plc can be obtained from the address disclosed in note 10.

#### **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.

#### **Fixed Asset Investments**

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

#### **Impairment of Fixed Asset Investments**

Impairment reviews are undertaken if events or changes in circumstances indicate that the carrying amount of the fixed asset investments 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 investment is written down accordingly.

#### **Inter Company Debtors**

Amounts owed by fellow group undertakings are stated at cost after deduction of provision for impairment.

#### **Inter Company Creditors**

Amounts owed to fellow group undertakings are stated at cost after deduction of provision for impairment.

### **2 EMPLOYEES**

The company does not have any employees (2010 nil) The directors are employed by the ultimate parent company Avon Rubber p l c

### **Directors' Remuneration**

There were no directors' emoluments paid by the company (2010 nil) The services of the directors to the company are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the company paying their emoluments

## **3 INVESTMENTS**

	£
At 1 October 2010	1,334,760
Write down of investment	(1,034,760)
At 30 September 2011	<u>300,000</u>

During the year the value of the investment in Nova Insurance Limited was written down by £1,034,760 to its remaining carrying value

### **Group Undertakings**

<b>Name</b>	<b>Percentage of Shareholding</b>	<b>Country of Incorporation or Registration</b>
Nova Insurance Limited	100%	Guernsey

Nova Insurance Limited is an insurance company, which operates mainly in its country of incorporation In the opinion of the directors, the value of the company's investment in its subsidiary is not less than that stated in the balance sheet

## **4. DEBTORS**

	<b>2011</b>	<b>2010</b>
	£	£
Amounts falling due within one year		
Amount owed by parent company	<u>896,500</u>	<u>500</u>

At the end of the year debtors include dividends declared by Nova Insurance Limited of £896,000 This dividend receipt has been lent on to Avon Rubber p l c resulting in the increase in the debtor shown above

## **5. CREDITORS**

	<b>2011</b>	<b>2010</b>
	£	£
Amounts falling due within one year		
Amount owed to fellow group undertaking	<u>3,730,795</u>	<u>3,730,795</u>

## 6. SHARE CAPITAL

	2011 £	2010 £
Allotted, called up and fully paid 500 ordinary shares of £1 each (2010 500)	<u>500</u>	<u>500</u>

## 7. RESERVES

	Profit and Loss Account £
At the beginning of the year	(2,396,035)
Loss for the year	<u>(138,760)</u>
At the end of the year	<u>(2,534,795)</u>

## 8 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
At the beginning of the year	(2,395,535)	(2,395,535)
Loss for the year	<u>(138,760)</u>	-
At the end of the year	<u>(2,534,295)</u>	<u>(2,395,535)</u>

## 9. 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 plc group of companies. Copies of the consolidated accounts of Avon Rubber plc can be obtained from the address disclosed in note 10.

## 10. ULTIMATE CONTROLLING PARTY

The immediate and ultimate controlling party is Avon Rubber plc, incorporated in Great Britain and registered in England and Wales, by virtue of its 100% interest in the equity share capital of the company. Copies of the consolidated financial statements may be obtained by contacting Fiona Stewart, Corporate Communications Executive, Avon Rubber plc, Hampton Park West, Semington Road, Melksham, Wiltshire, SN12 6NB or by visiting <http://www.avon-rubber.com/financial-reports.htm>

The audit fees for the company are borne by the ultimate parent, Avon Rubber plc