Cannon Avent Group PLC

Annual report and financial statements

for the 53 week period ended 4 January 2004

Registered number: 02437245

Cannon Avent Group PLC

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Cannon Avent Group PLC

Directors and advisors

Directors
E Atkin
C J Atkin
B Gold
B Jones
A Conway

Secretary
M Johnston

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North London Business Park
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Auditors
PricewaterhouseCoopers LLP
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WC2N 6RH

Solicitors
Duane Morris
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London
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Registered number
02437245

Cannon Avent Group PLC

Directors' report for the 53 week period ended 4 January 2004

The directors present their report and the audited financial statements of the group for the 53 week period ended 4 January 2004. Comparative figures relate to the 52 weeks ended 29 December 2002.

Principal activities, review of the business and future development
The principal activity of the company is that of an investment holding company. The principal activities of the company's subsidiary undertakings are those of the creation, design, manufacture and marketing of baby products and motor accessories.

This was another positive year for the group with turnover increasing by 3.7 per cent to £106.7 million and operating profit down by just 0.5 per cent at £20.4 million. Considering the worldwide political and economic uncertainties and the decline in the US$ value, this was a good result. We were helped by some excellent growth in the EU and some success in hedging our US$ receivables. Operating margins at 19.1 per cent fell slightly from the exceptional 19.9 per cent in 2002, but compare favourably with the 16.8 per cent achieved in 2001. Profit before tax dropped 1.4 per cent to £19.8 million, while shareholders' funds increased 10.5 per cent to £36.6 million

Quarter one of 2004 has been excellent, following a very positive final quarter in 2003, and gives us much confidence for the year ahead. Although we are still concerned about the volatility of various currencies, we now have such a spread of business that even some dramatic changes should have a minimal effect on our results.

Results and dividends
The results for the period and transfer to reserves of £4,567,000 (2002: £2,558,000) are set out in the consolidated profit and loss account on page 6.

An interim dividend of 1,000p (2002: 1,000p) per ordinary share was paid during the period. A final dividend of 1,000p (2002: 1,500p) per ordinary share was declared during the financial period and paid post period end.

The terms under which the 'A' ordinary shares were issued entitle the holder to a fixed dividend of 393.53p per share per annum payable at six monthly intervals. These dividends were paid on 1 April 2003 and 1 October 2003. Provision for the dividend accrual for the period 1 October 2003 to 4 January 2004 and a further participating dividend based on the profit before tax for the 53 week period ended 4 January 2004 has been made in these financial statements (see note 8).

Directors and their interests
The directors of the company during the period and their family shareholdings at 4 January 2004 and 29 December 2002 were as follows:

	£1 ordinary shares	
	4 January 2004	29 December 2002
E Atkin	**173,562**	173,562
C J Atkin	**101,643**	101,643
B Gold	-	-
B Jones	-	-
A Conway	-	-

In addition to the above, at 4 January 2004 and 29 December 2002, B Gold and E Atkin held 74,500 shares as trustees for E Atkin's children.

Environmental issues
The group is concerned for the necessity to operate its affairs with an awareness of environmental issues. This commitment has been embodied in a comprehensive policy document which the group has adopted to address these matters.

Employees
The group is continually seeking new and improved methods of achieving a greater degree of involvement of all staff.

It is the group's policy to offer equal opportunity to disabled persons applying for vacancies and in their training, career development and promotion, having regard to their aptitudes and abilities in relation to the jobs for which they apply.

Wherever possible, the group will continue the employment of persons who become disabled during the course of their employment including, if appropriate, the provision of suitable alternative employment.

Creditor payment policy
For all trade creditors, it is the group's policy to agree the terms of payment at the start of business with the supplier, ensure that suppliers are aware of the terms of payment and pay in accordance with the terms agreed. The average number of days in which the group paid its trade creditors was 57 days (2002: 56 days).

Research and development
The group has continued to invest in and devote considerable resources to developing and improving new products and processes.

Charitable donations
Charitable donations made during the period totalled £66,059 (2002: £41,164).

Statement of directors' responsibilities
Company law requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the group will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently as explained on pages 10 and 11 under note 1 "Principal accounting policies". They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the 53 week period ended 4 January 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

If the company's annual report and financial statements are published on the company website the directors will be responsible for the maintenance and integrity of the website and any uncertainty arising as a result of the financial statements being available via the website in different legal and accounting jurisdictions.

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

By Order of the Board

M Johnston
Company Secretary
23 April 2004

Cannon Avent Group PLC

Independent auditors' report to the members of Cannon Avent Group PLC

We have audited the financial statements which comprise the consolidated profit and loss account, the statement of total recognised gains and losses, the balance sheets, the cash flow statement and the related notes.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of audit opinion
We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 4 January 2004 and of the profit and cash flows of the group for the 53 week period then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
23 April 2004

Note that the wording of the auditors' report changed in 2003 to incorporate a new statement on auditors' responsibilities. In its technical release 01/03, the Institute of Chartered Accountants in England and Wales explained the amendment as follows: "The inclusion of the new wording does not affect the auditors' obligations to their clients. In fact it clarifies that the audit is for the benefit of the company's member in accordance with Section 235 of the Companies Act 1985. Auditors will have the same duties as they have always had. The wording does not mean that auditors will never agree to take on responsibilities to third parties such as lenders. All it does is make clear that auditors will only accept duties which are expressly agreed. Auditors maintain that if parties want to rely on their work then they should approach the auditors to agree expressly the scope and nature of work auditors can do for them that meets their purposes".

Cannon Avent Group PLC

Consolidated profit and loss account for the 53 week period ended 4 January 2004

	Notes	53 weeks ended 4 January 2004	52 weeks ended 29 December 2002
		£'000	£'000
Turnover	2	**106,659**	102,989
Cost of sales		**(51,176)**	(48,843)
Gross profit		**55,483**	54,146
Distribution costs		**(2,694)**	(2,389)
Administrative expenses		**(32,377)**	(31,260)
Other operating income		**3**	14
Operating profit	3	**20,415**	20,511
Interest receivable and similar income		**7**	41
Interest payable and similar charges	6	**(573)**	(416)
Profit on ordinary activities before taxation		**19,849**	20,136
Tax on profit on ordinary activities	7	**(6,160)**	(6,658)
Profit for the financial period		**13,689**	13,478
Dividends	8	**(9,122)**	(10,920)
Retained profit for the financial period	22	**4,567**	2,558

All of the above results derive from the continuing operations of the group.

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the period stated above, and their historical cost equivalents.

Statement of total recognised gains and losses for the 53 week period ended 4 January 2004

	Notes	53 weeks ended 4 January 2004	52 weeks ended 29 December 2002
		£'000	£'000
Profit for the financial period	22	**13,689**	13,478
Exchange adjustments offset in reserves	22	**(1,083)**	(795)
Total recognised gains for the financial period		**12,606**	12,683

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Consolidated balance sheet as at 4 January 2004

	Notes	4 January 2004		29 December 2002	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	9	**124**		133	
Tangible assets	10	**29,513**		27,481	
			29,637		27,614
Current assets					
Stock	12	**8,729**		8,749	
Debtors	13	**23,436**		25,113	
Cash at bank and in hand		**5,276**		2,848	
		37,441		36,710	
Creditors: amounts falling due within one year	14	**(26,466)**		(26,402)	
Net current assets			**10,975**		10,308
Total assets less current liabilities			**40,612**		37,922
Creditors: amounts falling due after more than one year	15		**(2,996)**		(3,771)
Provisions for liabilities and charges	18		**(973)**		(992)
Net assets			**36,643**		33,159
Capital and reserves					
Called up share capital	19		**471**		471
Share premium account	21		**4,899**		4,899
Revaluation reserve	21		**1,610**		1,610
Profit and loss account	21		**29,663**		26,179
Total shareholders' funds	22		**36,643**		33,159
Analysis of shareholders' funds					
Equity	22		**31,643**		28,159
Non-equity	22		**5,000**		5,000
	22		**36,643**		33,159

The financial statements which comprise the consolidated profit and loss account, the statement of total recognised gains and losses, the balance sheets, the cash flow statement and related notes were approved by the Board of Directors on 23 April 2004 and were signed on its behalf by:

E Atkin
Director

Cannon Avent Group PLC

Company balance sheet as at 4 January 2004

	Note	4 January 2004		29 December 2002	
		£'000	£'000	£'000	£'000
Fixed assets					
Investments	11		**5,376**		5,376
Current assets					
Debtors	13	**5,403**		7,187	
Creditors: amounts falling within one year	14	**(5,286)**		(7,076)	
Net current assets			**117**		111
Net assets			**5,493**		5,487
Capital and reserves					
Called up share capital	19		**471**		471
Share premium account	21		**4,899**		4,899
Profit and loss account	21		**123**		117
Total shareholders' funds	22		**5,493**		5,487
Analysis of shareholders' funds					
Equity	22		**493**		487
Non-equity	22		**5,000**		5,000
	22		**5,493**		5,487

The financial statements which comprise the consolidated profit and loss account, the statement of total recognised gains and losses, the balance sheets, the cash flow statement and related notes were approved by the Board of Directors on 23 April 2004 and were signed on its behalf by:

E Atkin
Director

Cannon Avent Group PLC

Consolidated cash flow statement for the 53 week period ended 4 January 2004

	Notes	53 weeks ended 4 January 2004		52 weeks ended 29 December 2002	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	23 (a)		**27,628**		21,781
Returns on investment and servicing of finance					
Interest received		**7**		41	
Interest paid		**(539)**		(324)	
Interest element of finance lease and hire purchase payments		**(72)**		(72)	
Non-equity dividends paid to shareholders		**(2,038)**		(1,508)	
Net cash outflow from returns on investments and servicing of finance			**(2,642)**		(1,863)
Taxation			**(6,262)**		(5,673)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		**(7,889)**		(5,507)	
Sale of tangible fixed assets		**145**		95	
Net cash outflow for capital expenditure and financial investment			**(7,744)**		(5,412)
Equity dividends paid to shareholders			**(8,893)**		(6,137)
Net cash inflow before use of liquid resources and financing			**2,087**		2,696
Management of liquid resources					
Increase in short term deposits with banks			**(1)**		(90)
Financing					
Decrease in long term loan		**(412)**		(412)	
Capital element of finance lease and hire purchase payments		**(339)**		(373)	
Net cash outflow from financing			**(751)**		(785)
Increase in net cash	23(b)		**1,335**		1,821

Notes to the financial statements for the 53 week period ended 4 January 2004

1 Principal accounting policies

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain freehold land and buildings, and in accordance with the Companies Act 1985 and applicable accounting standards. A summary of the more important accounting policies is given below.

Turnover
Turnover represents sales invoiced to third party customers, less returns and allowances and is stated exclusive of value added tax.

Foreign currencies
The financial statements of overseas subsidiaries have been incorporated into the consolidated financial statements by translating foreign currency denominated assets, liabilities and transactions into sterling at the rates of exchange ruling at the balance sheet date. Exchange adjustments arising on retranslation of the group's net investment in foreign subsidiaries are taken directly to reserves.

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into. Monetary assets and liabilities denominated in foreign currencies at the year end are translated into sterling at the exchange rates ruling at the balance sheet date. Exchange gains or losses are included in the operating results.

Fixed assets
The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Freehold land	Nil
Freehold buildings	2%
Short leasehold land and buildings	Over the term of the lease
Plant and machinery	15%
Office furniture, fittings and equipment	12½ - 20%
Motor vehicles	25%
Moulds	25%

Intangible fixed assets are amortised over a period of 20 years, being their estimated useful economic life, on a straight-line basis.

Stock
Stock is stated at the lower of cost and net realisable value. Cost includes direct materials and labour together with apportioned overheads. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Where necessary, provision is made for obsolete, slow moving and defective stocks.

Finance and operating leases
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 tangible fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term and useful lives of equivalent owned assets.

Costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially been enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Pension commitments
The group operates a defined contribution pension scheme (see note 24). The amount of any contributions payable in respect of the accounting period are charged to the profit and loss account. Any outstanding or prepaid contributions at the balance sheet date are shown as liabilities or assets respectively.

Related party transactions
Advantage has been taken of the exemptions available under Financial Reporting Standard No. 8, "Related party transactions", from disclosing transactions with 90% or more controlled subsidiary undertakings which eliminate on consolidation.

2 Turnover

The geographical analysis of the group's turnover by destination is as follows:

	4 January 2004	29 December 2002
	£'000	£'000
United Kingdom	**26,111**	24,571
Rest of the World	**80,548**	78,418
	106,659	102,989

In the opinion of the directors the disclosure of additional financial information by geographical market or by class of business would be seriously prejudicial to the interests of the group.

3 Operating profit

Operating profit is stated after charging/(crediting):

	4 January 2004	29 December 2002
	£'000	£'000
Wages and salaries	20,974	20,058
Social security costs	2,053	1,777
Pension costs	749	744
Staff costs (excluding directors' emoluments)	23,776	22,579
Depreciation of tangible fixed assets		
- owned assets	4,878	4,380
- leased assets	447	526
Amortisation of intangible fixed assets	9	9
Operating lease charges:		
- plant and machinery	205	186
- other	476	217
Auditors' remuneration:		
- audit services	63	64
- non-audit services	67	34
Profit on disposal of fixed assets	(88)	(64)
Foreign exchange (gains)/losses	(647)	266
Research and development expenditure	203	98

Auditors' remuneration for audit services includes £5,000 in respect of the parent company (2002: £5,000)

4 Directors' emoluments

	4 January 2004	29 December 2002
	£'000	£'000
Aggregate emoluments	842	714
Contributions to money purchase pension schemes	61	58
	903	772

The number of directors to whom retirement benefits are accruing is as follows:

	4 January 2004 £'000	29 December 2002 £'000
In respect of money purchase pension schemes	**3**	3

Highest paid director	4 January 2004 £'000	29 December 2002 £'000
Aggregate emoluments	**370**	315

5 Employee information

The average monthly number of persons (including executive directors) employed by the group during the period was:

By activity	4 January 2004 Number	29 December 2002 Number
Indirect staff	**543**	531
Direct staff	**469**	458
	1,012	989

6 Interest payable and similar charges

	4 January 2004 £'000	29 December 2002 £'000
Interest payable on overdrafts and bank loans	**500**	343
Interest payable on other loans	**1**	1
Finance leases and hire purchase interest	**72**	72
	573	416

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7 Tax on profit on ordinary activities

(a) Analysis of charge in the year

	4 January 2004	29 December 2002
	£'000	£'000
Current tax:		
UK corporation tax on profits of the period	4,275	4,139
Foreign tax	1,937	2,181
Adjustment in respect of previous periods	(33)	(86)
Total current tax (note 7b)	6,179	6,234
Deferred tax:		
Current year	(87)	122
Foreign tax	38	(26)
Adjustment in respect of previous periods	30	328
Total deferred tax (note 18)	(19)	424
Tax on profit on ordinary activities	6,160	6,658

(b) Factors affecting tax charge for the year

	4 January 2004	29 December 2002
	£'000	£'000
Profit on ordinary activities before tax	19,849	20,136
Profit on ordinary activities multiplied by standard rate of corporation tax in UK of 30% (2002: 30%)	5,955	6,041
Effects of:		
- Adjustment in respect of previous periods	(33)	(86)
- Expenses not deductible for tax purposes	72	62
- Excess of capital allowances over depreciation in the period	49	(119)
- Other short term timing differences	(205)	(205)
- DTR and overseas tax	341	548
- Tax at marginal rates	-	(7)
Current tax charge for the period (note 7a)	6,179	6,234

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8 Dividends

	4 January 2004	29 December 2002
	£'000	£'000
Equity – Ordinary		
Interim paid: 1,000p (2002: 1,000p) per £1 share	**3,558**	3,558
Final proposed: 1,000p (2002: 1,500p) per £1 share	**3,557**	5,336
	7,115	8,894
Non-equity		
Fixed dividend on 'A' ordinary shares of £1 each of 393.53p per share per financial period		
- Paid for the period	**400**	400
Accrued participating dividend on "A" ordinary shares of £1 each of 1,581p per share (2002: 1,160p per share)	**1,607**	1,626
Total	**9,122**	10,920

9 Intangible fixed assets

Group	**Cost**	**Amortisation**	**Net book value**
	£'000	**£'000**	**£'000**
At 30 December 2002	178	(45)	133
Amortisation for the period	-	(9)	(9)
At 4 January 2004	**178**	**(54)**	**124**

Intangible fixed assets relate to the Avent brand name, which is stated at a nominal value.

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10 Tangible fixed assets

Group	Freehold land and buildings	Leasehold improve-ments	Plant and machinery	Moulds	Office equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
At 30 December 2002	12,043	-	27,254	12,867	5,833	800	58,797
Exchange adjustment	-	-	(18)	(1)	(45)	(5)	(69)
Additions	1,638	894	2,733	1,362	741	158	7,526
Disposals	(60)	-	-	-	(5)	(122)	(187)
At 4 January 2004	**13,621**	**894**	**29,969**	**14,228**	**6,524**	**831**	**66,067**
Accumulated depreciation							
At 30 December 2002	777	-	15,761	10,197	4,091	490	31,316
Exchange adjustment	-	-	(6)	-	(23)	(4)	(33)
Charge for the period	214	74	3,119	1,308	548	138	5,401
Disposals	(6)	-	-	-	(4)	(120)	(130)
At 4 January 2004	**985**	**74**	**18,874**	**11,505**	**4,612**	**504**	**36,554**
Net book value							
At 4 January 2004	**12,636**	**820**	**11,095**	**2,723**	**1,912**	**327**	**29,513**
At 29 December 2002	11,266	-	11,493	2,670	1,742	310	27,481
Net book value of leased assets included above							
At 4 January 2004	**-**	**-**	**792**	**-**	**3**	**-**	**795**
At 29 December	-	-	1,238	-	4	-	1,242

The group's freehold and leasehold properties were revalued by Messrs. Knight Frank as at 31 December 1992. The basis of the valuation was open market for existing use and the revalued amounts have been reflected in these financial statements. The cost and accumulated depreciation under the historical cost basis at 4 January 2004 would be £13,377,000 and £1,563,000 (2002: £10,905,000 and £1,281,000) respectively.

11 Investments

Subsidiary undertaking	Cost of shares held		Nature of business
	4 January 2004	29 December 2002	
	£	£	
Cannon Rubber Limited	**5,355,750**	5,355,750	Manufacture and distribution of baby products and motor accessories
The Cannon Rubber Manufacturers	**2**	2	Dormant
Cannon Avent (Singapore) Private	**1**	1	Trading of baby products
Cannon Automotive Limited	**2**	2	Dormant
Avent America Inc.	**19,890**	19,890	Distribution of baby products
Avent Limited	**2**	2	Dormant
Avent Enterprises Limited	**2**	2	Dormant
Cannon Avent Limited	**2**	2	Dormant
	5,375,651	5,375,651	

All subsidiaries are wholly owned and are included in these consolidated financial statements. With the exception of Cannon Avent (Singapore) Private which is incorporated in Singapore and Avent America Inc which is incorporated in the USA, all other companies are incorporated in Great Britain and are registered in England.

The Cannon Rubber Manufacturers Limited, Cannon Automotive Limited, Avent Limited, Avent Enterprises Limited and Cannon Avent Limited are all dormant companies.

12 Stock

Group	4 January 2004	29 December 2002
	£'000	£'000
Raw materials and consumables	**2,608**	2,091
Work in progress	**666**	622
Finished goods	**5,455**	6,036
	8,729	8,749

13 Debtors

Group	4 January 2004 £'000	29 December 2002 £'000
Trade debtors	**21,389**	22,870
Other debtors	**820**	749
Prepayments and accrued income	**1,227**	1,494
	23,436	25,113

Company	4 January 2004 £'000	29 December 2002 £'000
Amounts owed by subsidiary undertakings	**5,403**	7,187

14 Creditors: amounts falling due within one year

Group	4 January 2004 £'000	29 December 2002 £'000
Bank loans and overdrafts (note 16)	**4,042**	2,794
Trade creditors	**6,923**	6,342
Obligations under finance leases and hire purchase contracts (note 17)	**362**	338
Corporation tax	**2,313**	2,396
Other taxation and social security	**682**	690
Other creditors	**173**	205
Accruals and deferred income	**6,707**	6,575
Proposed dividends	**5,264**	7,062
	26,466	26,402

Company	4 January 2004 £'000	29 December 2002 £'000
Corporation tax	**22**	14
Proposed dividends	**5,264**	7,062
	5,286	7,076

15 Creditors: amounts falling due after more than one year

Group	4 January 2004	29 December 2002
	£'000	£'000
Bank loan (note 16)	2,264	2,676
Obligations under finance leases and hire purchase contracts (note 17)	732	1,095
	2,996	3,771

16 Bank loan

The maturity profile of the bank loan is given below:

	4 January 2004	29 December 2002
	£'000	£'000
In one year or less	412	412
In more than one year, but not more than two years	412	412
In more than two years, but not more than five years	1,235	1,235
In more than five years	617	1,029
	2,676	3,088

The balance of the loan is repayable by 13 equal instalments, at six monthly intervals and bears interest at a rate linked to the six month LIBOR plus 1%. Security against the loan is by way of a first legal charge over the factory development at our Suffolk site.

17 Finance leases and hire purchase contracts

The net obligations under finance leases and hire purchase contracts to which the group is committed is as follows:

	Finance leases		Hire purchase		Total	
	4 Jan 2004	29 Dec 2002	4 Jan 2004	29 Dec 2002	4 Jan 2004	29 Dec 2002
	£'000	£'000	£'000	£'000	£'000	£'000
Within one year	236	221	126	117	362	338
In more than one year, but not more than five years	490	712	242	368	732	1,080
In more than five years	-	15	-	-	-	15
	726	948	368	485	1,094	1,433

18 Provision for liabilities and charges

Group

Deferred taxation provided in the financial statements comprises:

	4 January 2004 £'000	29 December 2002 £'000
Provision at the start of the period	**992**	568
Deferred tax charge in profit and loss account for the period (note 7a)	**(19)**	424
Provision at the end of the period	**973**	992

The provision made represents the full potential liability of the group at 30% (2002: 30%) being the rate anticipated to apply at the time that the timing differences are likely to reverse.

	4 January 2004 £'000	29 December 2002 £'000
Accelerated capital allowances	**993**	1,018
Other timing differences	**(20)**	(26)
	973	992

No deferred taxation has been provided in respect of retained earnings overseas since these earnings are reinvested in the overseas businesses.

No taxation has been provided in respect of the chargeable gain that would arise if the land and buildings of Cannon Rubber Limited were disposed of at the revalued amounts included in the financial statements.

19 Called up share capital

	4 January 2004 £'000	29 December 2002 £'000
Authorised:		
Equity:		
9,884,857 ordinary shares of £1 each (2002: 9,884,857)	**9,885**	9,885
Non equity:		
101,643 'A' ordinary shares of £1 each (2002: 101,643)	**101**	101
13,500 convertible deferred shares of £1 each (2002: 13,500)	**14**	14
	10,000	10,000

Cannon Avent Group PLC

	4 January 2004	29 December 2002
	£'000	£'000
Called up, allotted and fully paid		
Equity:		
355,750 ordinary shares of £1 each (2002: 355,750)	**356**	356
Non equity:		
101,643 'A' ordinary shares of £1 each (2002: 101,643)	**101**	101
13,500 convertible deferred shares of £1 each (2002: 13,500)	**14**	14
	471	471

By special resolution passed on 12 May 1995 the authorised share capital of the company was altered by the conversion of 101,643 ordinary shares of £1 each into 101,643 'A' ordinary shares of £1 each. On that date, 3i Group plc subscribed for all the 'A' ordinary shares in an amount of £5.0 million, at a per share price of £49.19 each.

Under the articles of association of the company adopted by special resolution on 12 May 1995 certain rights were conferred on the holders of the 'A' ordinary shares. The principal of these include (1) payment of a fixed cumulative dividend before any dividends are paid on the ordinary shares (2) payment of additional participating and compensatory dividends based on set formulae (3) on liquidation or a capital reduction of the company payment first to the holders of the 'A' ordinary shares of £49.19 per share out of any remaining assets of the company after all liabilities have been met (4) conversion of the 'A' ordinary shares at any time into a like number of ordinary shares at the option of 75% of the holders of the 'A' ordinary shares. The right to redeem an unspecified number of 'A' ordinary shares expired on 31 March 1999.

In all other respects, including voting rights, the 'A' ordinary shares rank pari passu with the ordinary shares.

By special resolution passed on 20 December 1999, 13,500 unissued ordinary shares of £1 each were redesignated convertible deferred shares of £1 each. On that date Ms. E. Christie and Mr. D. MacNeil subscribed for 9,000 and 4,500 convertible deferred shares of £1 at par, in consideration for the sale to the company of their non-voting interest holdings in the company's subsidiary, Avent America Inc.

Under new articles of association adopted by special resolution on 20 December 1999, the holders of convertible deferred shares of £1 each were conferred a right to convert the said shares into ordinary shares of £1 each, immediately prior to either the admission of any of the equity share capital of the company to the official list of the London Stock Exchange, or the completion of a successful offer to purchase 90% of the issued equity share capital of the company. Until conversion, the convertible deferred shares carry no rights to dividends and no voting rights. In the event of a winding up of the company, the payment to the holders of the convertible deferred shares will be limited to £1 per share after all liabilities of the company have been met and after the sum of £5,000,000 per share has been paid to all other shareholders.

20 Profit and loss account

Cannon Avent Group PLC has not presented its own profit and loss account as permitted by section 230 of the Companies Act 1985. The amount of profit after taxation accounted for by the holding company is £9,128,000 (2002: £10,926,000).

21 Reserves

Group	Share premium account	Revaluation reserve	Profit and loss account
	£'000	£'000	£'000
At 30 December 2002	4,899	1,610	26,179
Retained profit for the financial period	-	-	4,567
Currency translation differences	-	-	(1,083)
At 4 January 2004	**4,899**	**1,610**	**29,663**

Company	Share premium account	Profit and loss account
	£'000	£'000
At 30 December 2002	4,899	117
Retained profit for the financial period	-	6
At 4 January 2004	**4,899**	**123**

22 Reconciliation of movements in shareholders' funds

Group	4 January 2004	29 December 2002
	£'000	£'000
Profit for the financial period	**13,689**	13,478
Dividends	**(9,122)**	(10,920)
	4,567	2,558
Exchange adjustments offset in reserves	**(1,083)**	(795)
Net increase in shareholders' funds	**3,484**	1,763
Opening shareholders' funds	**33,159**	31,396
Closing shareholders' funds	**36,643**	33,159

Cannon Avent Group PLC

Group	4 January 2004	29 December 2002
	£'000	£'000
Shareholders' funds comprise:		
Equity interests	**31,643**	28,159
Non-equity interests	**5,000**	5,000
	36,643	33,159

Company	4 January 2004	29 December 2002
	£'000	£'000
Profit for the financial period	**9,128**	10,926
Dividends	**(9,122)**	(10,920)
(Decrease)/increase in shareholders' funds	**6**	6
Opening shareholders' funds	**5,487**	5,481
Closing shareholders' funds	**5,493**	5,487
Shareholders' funds comprise:		
Equity interests	**493**	487
Non-equity interests	**5,000**	5,000
	5,493	5,487

23 Notes to the cash flow statement

(a) Reconciliation of operating profit to net cash inflow from operating activities

	4 January 2004	29 December 2002
	£'000	£'000
Operating profit	**20,415**	20,511
Depreciation charge for the period	**5,325**	4,906
Amortisation charge for the period	**9**	9
Profit on disposal of tangible fixed assets	**(88)**	(64)
Decrease in stocks	**20**	605
Decrease/(increase) in debtors	**1,677**	(5,914)
Increase in creditors	**1,162**	2,491
Exchange rate movement	**(892)**	(763)
Net cash inflow from operating activities	**27,628**	21,781

(b) Reconciliation of movement in net debt

	4 January 2004	29 December 2002
	£'000	£'000
Increase in cash in the period	**1,335**	1,821
Capital element of repayments under finance leases and hire purchase contracts	**339**	373
Decrease in liquid resources	**1**	90
Repayment of bank loan	**412**	412
Change in net debt from cash flows	**2,087**	2,696
Translation differences	**(156)**	5
Movement in net debt in period	**1,931**	2,701
Opening net debt	**(4,055)**	(6,756)
Closing net debt	**(2,124)**	(4,055)

(c) **Analysis of changes in net debt**

	At 30 Dec 2002	Cash flow	Other non-cash changes	Exchange movement	At 4 Jan 2004
	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	2,755	2,583	-	(148)	5,190
Overdrafts	(2,382)	(1,248)	-	-	(3,630)
Total cash	**373**	**1,335**	**-**	**(148)**	**1,560**
Liquid resources	93	1	-	(8)	86
Bank loan due within one year	(412)	412	(412)	-	(412)
Bank loan due in more than one year	(2,676)	-	412	-	(2,264)
Finance leases and hire purchase obligations due within one year	(338)	339	(363)	-	(362)
Finance leases and hire purchase obligations due in more than one year	(1,095)	-	363	-	(732)
Total	**(4,055)**	**2,087**	**-**	**(156)**	**(2,124)**

Liquid resources represent short-term bank deposits. These have been included in cash at bank and in hand within the consolidated balance sheet.

24 Pension commitments

In the UK a subsidiary undertaking operates a defined contribution ("money purchase") Group Personal Pension Scheme for eligible employees. Under the scheme the company contributes up to a maximum of seven per cent of members' scheme pay. Members may contribute to the scheme at their discretion. The pension charge for the year represents contributions payable by the company to the fund. As at the 4 January 2004 amounts owing to the scheme amounted to £94,155 (2002: £93,514) and are included within accruals and deferred income.

A separate executive defined contribution pension scheme also exists for the benefit of the managing director and individual defined contribution pension plans for other directors.

In addition, a UK subsidiary has a small amount of unfunded pension liabilities to former employees.

25 Capital commitments

	4 January 2004	29 December 2002
	£'000	£'000
Contracts placed for future capital expenditure not provided in the financial statements	**2,625**	3,243

26 Financial commitments

At 4 January 2004 the group had annual commitments under non-cancellable operating leases expiring as follows:

	Land & buildings		Other		Total	
	4 Jan 2004	29 Dec 2002	**4 Jan 2004**	29 Dec 2002	**4 Jan 2004**	29 Dec 2002
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Within one year	**19**	-	-	-	**19**	-
Within two to five years inclusive	-	28	**163**	133	**163**	161
In more than five years	**397**	391	-	14	**397**	405
	416	419	**163**	147	**579**	566

27 Contingent liabilities

Cannon Rubber Limited has guaranteed the bank facilities granted to its fellow subsidiary Cannon Avent (Singapore) Private Limited to the extent of Singapore $1,000,000. At 4 January 2004 the liability under this guarantees amounted to Singapore $nil (2002: Singapore $nil).

The company has guaranteed facilities for its American subsidiary undertaking to the extent of US$100,000. The liability under this guarantee at 4 January 2004 was US $nil (2002: US$100,000).

28 Ultimate controlling party

Ultimate control of the company and the group rests with E Atkin who, together with other beneficial family holdings, controls a majority of the company's shares.