

**AVON RUBBER QUEST LIMITED****DIRECTORS' REPORT**

**Directors:** T.K.P.Stead  
R.Karn  
D.C.Mock

**Secretary:** C L Martin LL.B.  
**Registered Office:** Manvers House  
Kingston Road  
Bradford-on Avon  
Wiltshire

The directors present the annual report and audited financial statements of the company for the year ended 29 September 2001

No dividends have been paid or proposed.

**1. PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

During the year the company acted as a Qualifying Employee Share Ownership Trust.

**2. DIRECTORS**

Mr S.F Drew resigned as a director on 6 June 2001. Mr. T.K.P. Stead was appointed to the board on 6 June 2001.

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

The beneficial interests of Mr T.K.P. Stead in the shares and share options of the ultimate holding company, Avon Rubber p.l.c. are disclosed in the financial statements of that company. None of the remaining directors held beneficial interests in the shares of Avon Rubber p.l.c.

Under the Group Savings Related Share Option Schemes the other directors hold options to subscribe for ordinary shares of £1 each in Avon Rubber p.l.c. as follows:

	Number of options at 29.09.00	Granted during the period	Exercised during the period	Number of options at 29.09.01	Exercise price (£)	Exercisable during
D.C.Mock	425	-	-	425	3.67	2002
	205	-	-	205	3.80	2003
	467	-	-	467	5.01	2005
	448	-	-	448	4.52	2004
	394	-	-	394	3.14	2003
	-	675	-	675	1.72	2004

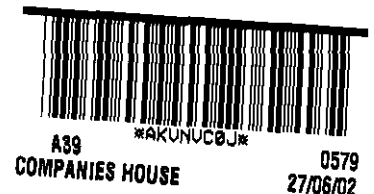
**3. AUDITORS**

A resolution to re-appoint the auditors, PricewaterhouseCoopers, will be proposed at the annual general meeting.

By order of the board  
**C L Martin**, Secretary  
Bradford-on Avon, Wiltshire

18 December 2001

*Avon Rubber Quest  
Limited*

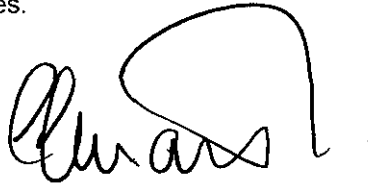


## STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- a) Select suitable accounting policies and then apply them consistently;
- b) Make judgements and estimates that are reasonable and prudent;
- c) State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d) 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 proper accounting records which 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 1985. They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.



By order of the board  
**C L Martin**, Secretary  
Bradford-on Avon, Wiltshire

18 December 2001

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
AVON RUBBER QUEST LIMITED**

We have audited the financial statements on pages 4 to 8, which have been prepared under the historical cost convention and the accounting policies set out on page 6.

**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 and United Kingdom auditing standards issued by the Auditing Practices Board.

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.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

**Basis of 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 the company's affairs at 29 September 2001 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**

Chartered Accountants and Registered Auditors  
Bristol

18 December 2001

# AVON RUBBER QUEST LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDING 29 SEPTEMBER 2001

	2001	2000
	£	£
Administrative expenses	-	37
Tax charge	-	1
Retained loss for the year	-	(38)

All of the Company's activities are generated from continuing activities.

The Company has no recognised gains or losses other than the result for the period.

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

# AVON RUBBER QUEST LIMITED

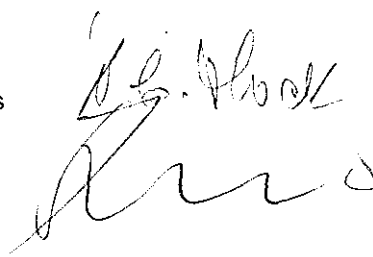
## BALANCE SHEET

AS AT 29 SEPTEMBER 2001

	2001 £	2000 £
<b>FIXED ASSETS</b>		
Investment in Avon Rubber p.l.c. (note 3)	127,018	303,203
<b>CURRENT ASSETS</b>		
Cash at Bank	1,717	1,716
<b>CREDITORS</b>		
Amounts falling due within one year (note 4)	<u>(128,960)</u>	<u>(179,764)</u>
<b>NET CURRENT LIABILITIES</b>	(127,243)	(178,048)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>(225)</u>	<u>125,155</u>
<b>CREDITORS</b>		
Amounts falling due after more than one year (note 4)	-	(125,380)
<b>NET ASSETS</b>	<u><u>(225)</u></u>	<u><u>(225)</u></u>
<b>CAPITAL AND RESERVES</b>		
Share capital (note 5)	1	1
Profit and loss account (note 6)	(226)	(226)
<b>EQUITY SHAREHOLDERS' FUNDS</b>	<u><u>(225)</u></u>	<u><u>(225)</u></u>

These financial statements were approved by the board of directors on 18 December 2001 and were signed on its behalf by:

} Directors  
}



# AVON RUBBER QUEST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below:

#### Basis of Accounting

The financial statements have been prepared in accordance with the historical cost convention.

#### Investments

Investments are held at cost less amounts written off to reflect any permanent diminution in value.

#### Cash Flow Statement

The company has not presented a cash flow statement as it has taken advantage of the exemption conferred by FRS1 (revised).

#### Accounting Period

The company's accounting period ends on the Saturday nearest to 30 September each year. The period ended 29 September 2001 consists of 52 weeks. (2000: 52 weeks)

#### Deferred Income

Deferred income represents contributions received from the parent company, Avon Rubber plc, in respect of that company's obligation to satisfy its outstanding share options under the group Save As You Earn scheme. Deferred income is recognised in the profit and loss account in order to match the charge arising on either the disposal of shares in Avon Rubber plc to satisfy these share options, or changes in the valuation of those shares.

#### 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.

### 2. OTHER OPERATING INCOME

	2001 £	2000 £
Release of deferred income	176,185	437,123
Loss on disposal of fixed asset investment	-	(1,267)
Impairment of fixed asset investment	(176,185)	(435,856)
	<u>-</u>	<u>-</u>

### 3. INVESTMENTS

	£
Cost:	
At 1 October 2000	739,059
Disposals	-
At 29 September 2001	<u>739,059</u>
Provision for diminution in value	
At 1 October 2000	435,856
Charge for the year	<u>176,185</u>
At 29 September 2001	<u>612,041</u>
Net Book Value	
At 29 September 2001	127,018
At 30 September 2000	303,203

Investments at 29 September 2001 represent 136,578 shares (2000:136,578) in Avon Rubber p.l.c., a company listed on the London Stock Exchange.

### 4. CREDITORS

	2001 £	2000 £
Amounts falling due within one year:		
Deferred income	128,960	179,764
	<u>128,960</u>	<u>179,764</u>
Amounts falling due after more than one year:		
Deferred income	-	125,380
	<u>-</u>	<u>125,380</u>

### 5. SHARE CAPITAL

	2001 £	2000 £
Authorised: 100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid 1 ordinary £1 share	<u>1</u>	<u>1</u>

### 6. RESERVES

	2001 £	2000 £
At the beginning of the year	(226)	(188)
Result for the year	-	(38)
At the end of the year	<u>(226)</u>	<u>(226)</u>

## **7. EMPLOYEES**

Other than the directors listed on page 1 the company has no employees.

### Directors' remuneration

There were no directors' emoluments paid by the company. 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.

## **8. 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.

## **9. CONTROLLING PARTY**

The immediate and ultimate controlling party is Avon Rubber p.l.c. incorporated in Great Britain and registered in England and Wales. Copies of the consolidated financial statements may be obtained from Avon Rubber p.l.c., Manvers House, Kingston Road, Bradford on Avon, Wiltshire.