

Cannon Rubber Limited
Annual report and financial statements
for the 52 week period ended 2 January 2005

Registered number: 00313835



Cannon Rubber Limited

Annual report and financial statements

for the 52 week period ended 2 January 2005

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Cannon Rubber Limited

Directors and advisors

Directors

E Atkin
A Conway
J Morris
D O'Brien
M Johnston

Secretary

M Johnston

Registered office

North London Business Park
Oakleigh Road South
London
N11 1SS

Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Solicitors

Duane Morris
4 Chiswell Street
London
EC1Y 4UP

Registered number

00313835

Cannon Rubber Limited

Directors' report for the 52 week period ended 2 January 2005

The directors present their report and the audited financial statements of the company for the 52 week period ended 2 January 2005. Comparative figures relate to the 53 week period ended 4 January 2004.

Principal activities, review of business and future developments

The principal activities of the company are those of the creation, design, manufacture and marketing of baby products and motor accessories.

This was a positive year for the company, in operational terms, with turnover increasing 5.7 per cent to £96.0 million, of which 73.2 per cent related to overseas sales. Operating profit fell 5.5 per cent to £13.4 million, with the decline in the US\$ value being the main contributing factor. Strong growth in Euro denominated markets and some success in hedging our US\$ receivables did help to offset some of the weak dollar effect. Profit before tax decreased 4.6 per cent to £13.0 million. Shareholders' funds decreased 4.9 per cent to £28.5 million.

There has been a strong start in the first quarter of 2005 and we are confident this year of generating significant growth in turnover and operating profits, especially with the launch of innovative products in our main markets.

Results and dividends

The loss for the period and transfer to reserves of £1,480,000 (2004: £5,031,000 profit) are set out in the profit and loss account on page 6.

An interim dividend of 712p (2004: 262p) per ordinary share was paid during the period. A final dividend of 1,204p (2004: 519p) per ordinary share was declared during the financial period and paid post period end.

Post Balance Events

Post balance sheet events are disclosed in note 28.

Directors and their interests

The directors who held office during the 52 week period ended 2 January 2005 are given below:

E Atkin
A Conway
J Morris
D O'Brien
M Johnston

None of the directors held any direct interest in the share capital of the company. The interests of Mr E Atkin in the share capital of the parent company, Cannon Avent Group PLC, are disclosed in that company's annual report.

Employees

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

Cannon Rubber Limited

It is the company'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 company will continue the employment of persons who become disabled during the course of their employment including, if appropriate, the provision of suitable alternative employment.

Environmental issues

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

Creditor payment policy

For all trade creditors, it is the company'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 company paid its trade creditors was 53 days (2004: 60 days).

Research and development

The company 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 £60,952 (2004: £66,059).

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 of the profit or loss of the company 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 company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently as explained on pages 9 and 10 under note 1 "Accounting policies". They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the 52 week period ended 2 January 2005 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of directors' responsibilities continued


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.

Cannon Rubber Limited

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
31 May 2005

Cannon Rubber Limited

Independent auditors' report to the members of Cannon Rubber Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, 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.

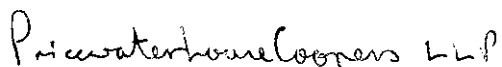
Basis of audit opinion

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 the company's affairs at 2 January 2005 and of its result and cash flows for the 52 week period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors

London
31 May 2005

Cannon Rubber Limited

Profit and loss account for the 52 week period ended 2 January 2005

	Notes	52 weeks ended 2 January 2005	53 weeks ended 4 January 2004
		£'000	£'000
Turnover	2	95,991	90,838
Cost of sales		(54,289)	(51,323)
Gross profit		41,702	39,515
Distribution costs		(2,417)	(2,059)
Administrative expenses		(26,780)	(24,125)
Other operating income		924	882
Operating profit	3	13,429	14,213
Interest receivable		9	4
Interest payable and similar charges	6	(428)	(573)
Profit on ordinary activities before taxation		13,010	13,644
Tax on profit on ordinary activities	7	(3,841)	(4,270)
Profit for the financial period		9,169	9,374
Dividends	8	(10,649)	(4,343)
(Loss)/profit for the financial period	20	(1,480)	5,031

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

The company has no recognised gains or losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.


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

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Balance sheet as at 2 January 2005

	Notes	2 January 2005		4 January 2004	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	9	115		124	
Tangible assets	10	29,036		29,056	
			29,151		29,180
Current assets					
Stock	11	6,806		6,028	
Debtors	12	17,942		19,063	
Cash at bank and in hand		1,338		1,325	
		26,086		26,416	
Creditors: amounts falling due within one year	13	(23,314)		(21,606)	
Net current assets			2,772		4,810
Total assets less current			31,923		33,990
Creditors: amounts falling due after more than one year	14		(2,596)		(2,996)
Provisions for liabilities and charges	17		(819)		(1,006)
Net assets			28,508		29,988
Capital and reserves					
Called up share capital	18		556		556
Share premium account	19		4,800		4,800
Revaluation reserve	19		1,610		1,610
Profit and loss account	19		21,542		23,022
Total shareholders' funds	20		28,508		29,988

The financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement and related notes were approved by the Board of Directors on 31 May 2005 and were signed on its behalf by:


E Atkin
Director

Cannon Rubber Limited

Cash flow statement for the 52 week period ended 2 January 2005

	Notes	52 weeks ended 2 January 2005		53 weeks ended 4 January 2004	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	21 (a)		19,498		20,232
Returns on investment and servicing of finance					
Interest received		9		4	
Interest paid		(350)		(539)	
Interest element of finance lease and hire purchase payments		(76)		(72)	
Net cash outflow from returns on investment and servicing of finance			(417)		(607)
Taxation			(4,630)		(4,236)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(4,712)		(7,652)	
Sale of tangible fixed assets		59		145	
Net cash outflow for capital expenditure and financial investment			(4,653)		(7,507)
Equity dividends paid to shareholders			(6,843)		(8,366)
Net cash inflow/(outflow) before financing			2,955		(484)
Financing					
Repayment of long term loan		(412)		(412)	
Capital element of finance lease and hire purchase payments		(495)		(339)	
Net cash outflow from financing			(907)		(751)
Increase/(decrease) in net cash	21 (b)		2,048		(1,235)

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Notes to the financial statements for the 52 week period ended 2 January 2005

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 applicable accounting standards. The principal accounting policies are set out below.

Turnover

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

Foreign currencies

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%
Leasehold improvements	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.

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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.

Related party transactions

The company has taken advantage 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.

Pension commitments

The company operates a defined contribution pension scheme (see note 22). 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.

2 Turnover

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

	2 January 2005 £'000	4 January 2004 £'000
United Kingdom	25,756	26,111
Rest of the World	70,235	64,727
	95,991	90,838

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All turnover originates in the United Kingdom. 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 company.

3 Operating profit

Operating profit is stated after charging/(crediting):

	2 January 2005 £'000	4 January 2004 £'000
Wages and salaries	19,006	18,700
Social security costs	2,060	1,929
Pension costs (see note 22)	748	787
Staff costs (excluding directors' emoluments):	21,814	21,416
Depreciation of tangible fixed assets		
- owned assets	4,938	4,779
- leased assets	454	447
Amortisation of intangible fixed assets	9	9
Operating lease charges:		
- plant and machinery	208	205
- other	239	235
Auditors' remuneration:		
- audit services	41	40
- non-audit services	17	67
Profit on disposal of fixed assets	(47)	(88)
Research and development expenditure	241	203
Foreign exchange gains	(320)	(502)

4 Employee information

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

By activity	2 January 2005 Number	4 January 2004 Number
Indirect staff	461	471
Direct staff	488	469
	949	940

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5 Directors' emoluments

	2 January 2005	4 January 2004
	£'000	£'000
Aggregate emoluments	1,039	683
Contributions paid to money purchase pension schemes	42	23
	1,081	706

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

	2 January 2005	4 January 2004
	Number	Number
In respect of money purchase pension schemes	5	5

Highest paid director	2 January 2005	4 January 2004
	£'000	£'000
Aggregate emoluments	520	340

6 Interest payable and similar charges

	2 January 2005	4 January 2004
	£'000	£'000
Interest payable on overdrafts and bank loans	332	500
Interest payable on other loans	20	1
Finance leases and hire purchase interest	76	72
	428	573

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7 Taxation on the profit for the period

(a) Analysis of charge in the period

	2 January 2005 £'000	4 January 2004 £'000
Current tax:		
UK corporation tax on profits of the period	4,145	4,252
Adjustment in respect of previous periods	(117)	88
Total current tax (note 7b)	4,028	4,340
Deferred tax:		
Current period	(166)	(87)
Adjustment in respect of previous periods	(21)	17
Total deferred tax (note 17)	(187)	(70)
Tax on profit on ordinary activities	3,841	4,270

(b) Factors affecting tax charge for the period

	2 January 2005 £'000	4 January 2004 £'000
Profit on ordinary activities before tax	13,010	13,644
Profit on ordinary activities multiplied by standard rate of corporation tax in UK of 30% (2004: 30%)	3,903	4,093
Effects of:		
- Expenses not deductible for tax purposes	63	58
- Differences between capital allowances and depreciation	166	87
- Capital transactions	13	14
- Adjustment in respect of previous periods	(117)	88
Current tax charge for the period (note 7a)	4,028	4,340

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8 Dividends

	2 January 2005 £'000	4 January 2004 £'000
Equity – Ordinary		
Interim paid: 712p (2004: 262p) per £1 share	3,958	1,458
Final proposed: 1,204p (2004: 519p) per £1 share	6,691	2,885
	10,649	4,343

9 Intangible fixed assets

	Cost £'000	Amortisation £'000	Net book value £'000
At 4 January 2004	178	(54)	124
Amortisation for the period	-	(9)	(9)
At 2 January 2005	178	(63)	115

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

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10 Tangible fixed assets

	Land and buildings £'000	Leasehold improve- ments £'000	Plant and machinery £'000	Moulds £'000	Office equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation							
At 4 January 2004	13,621	894	29,687	14,214	6,025	781	65,222
Additions	1,129	-	2,103	1,261	797	167	5,457
Disposals	-	-	-	-	-	(264)	(264)
At 2 January 2005	14,750	894	31,790	15,475	6,822	684	70,415
Accumulated depreciation							
At 4 January 2004	985	74	18,802	11,492	4,355	458	36,166
Charge for the period	241	75	3,095	1,377	538	139	5,465
Disposals	-	-	-	-	-	(252)	(252)
At 2 January 2005	1,226	149	21,897	12,869	4,893	345	41,379
Net book value							
At 2 January 2005	13,524	745	9,893	2,606	1,929	339	29,036
At 4 January 2004	12,636	820	10,885	2,722	1,670	323	29,056
Net book value of leased assets included above							
At 2 January 2005	-	-	1,527	-	-	-	1,527
At 4 January 2004	-	-	792	-	3	-	795

The company's freehold 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 amount has been reflected in these financial statements. The cost and accumulated depreciation under the historical cost basis as at 2 January 2005 would be £14,506,000 (2004: £13,377,000) and £1,879,000 (2004: £1,563,000) respectively.

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11 Stocks

	2 January 2005	4 January 2004
	£'000	£'000
Raw materials and consumables	2,849	2,608
Work in progress	661	666
Finished goods	3,296	2,754
	6,806	6,028

12 Debtors

	2 January 2005	4 January 2004
	£'000	£'000
Trade debtors	13,419	13,781
Amounts owed by fellow subsidiary undertakings	2,583	3,465
Other debtors	803	776
Prepayments and accrued income	1,137	1,041
	17,942	19,063

13 Creditors: amounts falling due within one year

	2 January 2005	4 January 2004
	£'000	£'000
Bank loans and overdrafts (note 15)	2,006	4,042
Trade creditors	6,951	6,473
Amounts owed to parent undertaking	54	49
Amounts owed to fellow subsidiary undertakings	680	693
Obligations under finance leases and hire purchase contracts (note 16)	684	362
Corporation tax	1,586	2,188
Other taxation and social security	694	682
Other creditors	163	155
Accruals and deferred income	3,805	4,077
Proposed dividends	6,691	2,885
	23,314	21,606

The bank overdraft is secured by a floating charge over the stocks and debtors of the company.

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14 Creditors: amounts falling due after more than one year

	2 January 2005	4 January 2004
	£'000	£'000
Bank loan (note 15)	1,853	2,264
Obligations under finance leases and hire purchase contracts (note 16)	743	732
	2,596	2,996

15 Bank loan

The maturity profile of the bank loan is given below:

	2 January 2005	4 January 2004
	£'000	£'000
In one year or less or on demand	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	206	617
	2,265	2,676

The balance of the loan is repayable by 11 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.

16 Finance leases and hire purchase contracts

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

	Finance leases		Hire purchase		Total	
	2 Jan 2005	4 Jan 2004	2 Jan 2005	4 Jan 2004	2 Jan 2005	4 Jan 2004
	£'000	£'000	£'000	£'000	£'000	£'000
Within one year	549	236	135	126	684	362
In more than one year, but not more than five years	636	490	107	242	743	732
	1,185	726	242	368	1,427	1,094

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17 Provisions for liabilities and charges

Deferred taxation provided in the financial statements comprises:

	2 January 2005 £'000	4 January 2004 £'000
Provision at the start of the period	1,006	1,076
Deferred tax credited in profit and loss account (note 7a)	(187)	(70)
Provision at the end of the period	819	1,006

The provision made represents the full potential liability of the company at 30% (2004: 30%) being the rate anticipated to apply at the time that the timing differences are likely to reverse.

	2 January 2005 £'000	4 January 2004 £'000
Accelerated capital allowances	838	1,026
Other timing differences	(19)	(20)
	819	1,006

No taxation has been provided in respect of the chargeable gain that would arise if the company's land and buildings were disposed of at the revalued amounts included in these financial statements.

18 Called up share capital

	2 January 2005 £'000	4 January 2004 £'000
Authorised		
600,000 ordinary shares (2004: 600,000) of £1 each	600	600
Called up, allotted and fully paid		
555,750 ordinary shares (2004: 555,750) of £1 each	556	556

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19 Reserves

	Share premium account	Revaluation reserve	Profit and loss
	£'000	£'000	£'000
At 4 January 2004	4,800	1,610	23,022
Loss for the financial period	-	-	(1,480)
At 2 January 2005	4,800	1,610	21,542

20 Reconciliation of movements in equity shareholders' funds

	2 January 2005	4 January 2004
	£'000	£'000
Profit for the financial period	9,169	9,374
Dividends	(10,649)	(4,343)
(Decrease)/increase in equity shareholders' funds	(1,480)	5,031
Opening shareholders' funds	29,988	24,957
Closing equity shareholders' funds	28,508	29,988

21 Notes to the cash flow statement

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

	2 January 2005	4 January 2004
	£'000	£'000
Operating profit	13,429	14,213
Depreciation charge for the period	5,392	5,226
Amortisation charge for the period	9	9
Profit on disposal of tangible fixed assets	(47)	(88)
Increase in stocks	(778)	(323)
Decrease in debtors	1,121	138
Increase in creditors	372	1,057
Net cash inflow from operating activities	19,498	20,232

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(b) Reconciliation of movement in net debt

	2 January 2005	4 January 2004
	£'000	£'000
Increase/(decrease) in net cash	2,048	(1,235)
Capital element of repayments under finance leases and hire purchase	495	339
Repayments of long term loan	412	412
Change in net cash/(debt) arising from cash flows	2,955	(484)
New finance lease	(793)	-
Exchange adjustments	(35)	-
Movement in cash/(net) debt	2,127	(484)
Opening net debt	(6,075)	(5,591)
Closing net debt	(3,948)	(6,075)

(c) Analysis of changes in net debt

	At 4 Jan 2004	Cash	Other non-cash changes	Exchange Movement	At 2 Jan 2005
	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	1,325	13	-	-	1,338
Overdrafts	(3,630)	2,035	-	-	(1,595)
Total cash	(2,305)	2,048	-	-	(257)
Bank loan due within one year	(412)	412	(411)	-	(411)
Bank loan due after more than one	(2,264)	-	411	-	(1,853)
Finance lease and hire purchase obligations due within one year	(362)	495	(817)	-	(684)
Finance lease and hire purchase obligations due after more than one	(732)	-	24	(35)	(743)
Net debt	(6,075)	2,955	(793)	(35)	(3,948)

22 Pension commitments

The company 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 2 January 2005 amounts owing to the scheme amounted to £88,824 (2004: £94,155) and are included in accruals and deferred income.

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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, the company has a small amount of unfunded pension liabilities to former employees.

23 Capital commitments

	2 January 2005	4 January 2004
	£'000	£'000
Contracts placed for future capital expenditure not provided in the financial statements	1,260	2,625

24 Financial commitments

At 2 January 2005 the company had annual commitments under non-cancellable operating leases expiring as follows:

	Land & buildings		Other		Total	
	2 Jan 2005	4 Jan 2004	2 Jan 2005	4 Jan 2004	2 Jan 2005	4 Jan 2004
	£'000	£'000	£'000	£'000	£'000	£'000
Within two to five years	-	-	154	156	154	156
After five years	239	235	-	-	239	235
	239	235	154	156	393	391

25 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 2 January 2005 the liability under this guarantee amounted to Singapore \$nil (2003: Singapore \$nil).

26 Parent undertaking

Cannon Rubber Limited is a wholly owned subsidiary of Cannon Avent Group PLC, a company incorporated in England, which prepares consolidated financial statements. Copies of the financial statements of Cannon Avent Group PLC can be obtained from the company secretary at North London Business Park, Oakleigh Road South, London N11 1SS.

27 Ultimate controlling party

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

Cannon Rubber Limited

28 Post Balance Sheet Events

On the 24th March 2005 'Heads of Agreement' were signed, subject to contract, between a UK Private Equity firm and the major shareholders of Cannon Avent Group PLC, the holding company of Cannon Rubber Limited, regarding a proposed acquisition by the private equity firm of the entire issued share capital of Cannon Avent Group PLC, subject to a prior de-merger of the Auto Division into a new holding company. Exchange is expected to occur in early June 2005 with completion expected in late June 2005. At this time confidentiality agreement prevents the disclosure of the financial effect of the transaction.