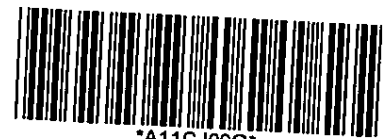


Company Registration No. 4932732 (England and Wales)

AVALON PLASTICS LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 NOVEMBER 2007

TUESDAY



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AVALON PLASTICS LIMITED

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AVALON PLASTICS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 NOVEMBER 2007

The directors present their report and financial statements for the year ended 30 November 2007

Principal activities and review of the business

The company's principal activity is the manufacture of plastic products

During the year the company continued to expand, with turnover increasing and the balance sheet strengthening

Turnover rose by £1M (13.7%) to £8.3m and is expected to rise further during the next 12 months. The gross profit margin achieved this year was 12.14% compared to the previous year of 13.68%.

The balance sheet has strengthened in the year with net assets increasing. The company continues to invest in fixed assets by raising finance internally and through hire purchase and finance lease agreements. Stock has decreased at the year end due to the timing of orders post year end.

Overall the development and performance for the year, and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

The company's principal financial instruments comprise bank balances, trade debtors, trade creditors, hire purchase & finance leases, and shareholder loans. The main purpose of these instruments is to raise funds for, and to finance, the company's operations.

Due to the nature of the financial instruments used by the company, there is no exposure to price risk.

In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the availability of an overdraft facility.

In respect of loans these comprise loans from directors and other shareholders. The interest rate is variable and payable on an annual basis. The company manages the liquidity risk by ensuring there are sufficient funds to meet the payments, which at present are interest only. The directors are aware of the company's required finance and have determined that these will only be repaid, in whole or in part, when finance is available.

The company is a lessee in respect of finance leased assets. The liquidity risk in respect of these is managed in the same way as loans above.

Trade debtors are managed in respect of credit and cash flow by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet the amounts due.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

Future developments

The directors anticipate continued profitability in future years.

AVALON PLASTICS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2007

Directors

The following directors have held office since 1 December 2006

S Boyd
K Butler
P Darley
S Dyer
K Jones

(Resigned 23 November 2007)

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Albert Goodman be reappointed as auditors of the company will be put to the Annual General Meeting

Directors' responsibilities

The directors are responsible for preparing 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). The financial statements are required by law to 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

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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 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 disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



K Butler

Director

26 April 2008

AVALON PLASTICS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 30 NOVEMBER 2007

The directors are responsible for preparing 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). The financial statements are required by law to 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

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AVALON PLASTICS LIMITED

INDEPENDENT AUDITORS' REPORT TO AVALON PLASTICS LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 5 to 17, together with the financial statements of Avalon Plastics Limited for the year ended 30 November 2007 prepared under section 226 of the Companies Act 1985

This report is made solely to the company in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an auditor's report on abbreviated accounts and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.



Albert Goodman

Chartered Accountants

Registered Auditor

6 May 2008

Mary Street House
Mary Street
Taunton
Somerset
TA1 3NW

AVALON PLASTICS LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 NOVEMBER 2007

	Notes	2007 £	2006 £
Gross profit		1,008,391	995,671
Administrative expenses		(608,248)	(686,544)
Operating profit	2	400,143	309,127
Other interest receivable and similar income		3,472	1,548
Interest payable and similar charges	4	(218,699)	(169,611)
Profit on ordinary activities before taxation		184,916	141,064
Tax on profit on ordinary activities	5	(36,457)	(27,868)
Profit for the year	14	148,459	113,196

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

AVALON PLASTICS LIMITED

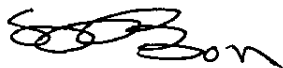
ABBREVIATED BALANCE SHEET AS AT 30 NOVEMBER 2007

	Notes	2007 £	£	2006 £	£
Fixed assets					
Tangible assets	6	1,811,183		1,470,335	
Current assets					
Stocks	7	749,497		795,328	
Debtors	8	1,959,370		2,389,552	
Cash at bank and in hand		21,561		23,701	
		2,730,428		3,208,581	
Creditors: amounts falling due within one year	9	(2,739,937)		(3,160,353)	
Net current (liabilities)/assets		(9,509)		48,228	
Total assets less current liabilities		1,801,674		1,518,563	
Creditors: amounts falling due after more than one year	10	(1,263,349)		(1,165,154)	
Provisions for liabilities	11	(105,614)		(69,157)	
		432,711		284,252	
Capital and reserves					
Called up share capital	13	10,786		10,786	
Share premium account	14	1,572		1,572	
Profit and loss account	14	420,353		271,894	
Shareholders' funds	15	432,711		284,252	

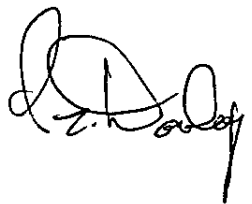
These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies

Approved by the Board and authorised for issue on 26 April 2008

S Boyd
Director



P Darley
Director



AVALON PLASTICS LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2007**

	2007	2006
£	£	£
Net cash inflow from operating activities	506,879	376,883
Returns on investments and servicing of finance		
Interest received	3,472	1,548
Interest paid	(159,785)	(121,416)
Net cash outflow for returns on investments and servicing of finance	(156,313)	(119,868)
Taxation	-	29,550
Capital expenditure		
Payments to acquire tangible assets	(7,354)	(182,990)
Receipts from sales of tangible assets	10,500	-
Net cash inflow/(outflow) for capital expenditure	3,146	(182,990)
Net cash inflow before management of liquid resources and financing	353,712	103,575
Financing		
Other new long term loans	-	100,000
Repayment of other long term loans	(24,996)	(14,597)
Capital element of hire purchase contracts	(330,856)	(170,839)
Net cash outflow from financing	(355,852)	(85,436)
(Decrease)/increase in cash in the year	(2,140)	18,139

AVALON PLASTICS LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 NOVEMBER 2007

1	Reconciliation of operating profit to net cash inflow from operating activities			2007	2006
				£	£
	Operating profit			400,143	309,127
	Depreciation of tangible assets			276,375	250,123
	(Profit)/loss on disposal of tangible assets			(402)	3,143
	Decrease/(increase) in stocks			45,831	(253,639)
	Decrease/(increase) in debtors			430,182	(774,884)
	(Decrease)/Increase in creditors within one year			(645,250)	843,013
	Net cash inflow from operating activities			506,879	376,883
2	Analysis of net debt	1 December 2006	Cash flow	Other non-cash changes	30 November 2007
		£	£	£	£
	Net cash				
	Cash at bank and in hand	23,701	(2,140)	-	21,561
	Debt				
	Finance leases	(815,568)	330,856	(619,967)	(1,104,679)
	Debts falling due within one year	(24,996)	-	-	(24,996)
	Debts falling due after one year	(572,357)	24,996	-	(547,361)
		(1,412,921)	355,852	(619,967)	(1,677,036)
	Net debt	(1,389,220)	353,712	(619,967)	(1,655,475)
3	Reconciliation of net cash flow to movement in net debt			2007	2006
				£	£
	(Decrease)/increase in cash in the year			(2,140)	18,139
	Cash outflow from decrease in debt and lease financing			355,852	85,437
	Change in net debt resulting from cash flows			353,712	103,576
	New finance lease			(619,967)	(328,033)
	Movement in net debt in the year			(266,255)	(224,457)
	Opening net debt			(1,389,220)	(1,164,763)
	Closing net debt			(1,655,475)	(1,389,220)

AVALON PLASTICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 NOVEMBER 2007

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Plant and machinery	10 - 33 3% Straight line
Fixtures, fittings & equipment	33 3% Straight line

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts are capitalised as tangible assets and depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Stock

Stock is valued at the lower of cost and net realisable value. Cost includes direct manufacturing costs, plus an appropriate proportion of production overheads.

1.7 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.8 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

AVALON PLASTICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2007

2	Operating profit	2007	2006
		£	£
	Operating profit is stated after charging		
	Depreciation of tangible assets	276,375	250,123
	Loss on disposal of tangible assets	-	3,143
	Operating lease rentals		
	- Plant and machinery	14,531	14,531
	- Other assets	102,000	102,000
	Auditors' remuneration (including expenses and benefits in kind)	5,142	8,132
	and after crediting		
	Profit on disposal of tangible assets	(402)	-
		<u> </u>	<u> </u>
3	Investment income	2007	2006
		£	£
	Bank interest	3,472	1,548
		<u> </u>	<u> </u>
4	Interest payable	2007	2006
		£	£
	On bank loans and overdrafts	117,783	90,161
	Hire purchase interest	42,002	31,255
	Other interest	58,914	48,195
		<u> </u>	<u> </u>
		218,699	169,611
		<u> </u>	<u> </u>

AVALON PLASTICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2007

5	Taxation	2007 £	2006 £
	Current tax charge	-	-
	Deferred tax		
	Deferred tax charge/credit current year	36,457	27,868
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	184,916	141,064
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2006 - 19.00%)	35,134	26,802
	Effects of		
	Non deductible expenses	1,321	2,124
	Depreciation add back	52,435	48,121
	Capital allowances	(81,564)	(78,419)
	Tax losses utilised	(7,326)	1,372
		(35,134)	(26,802)
	Current tax charge	-	-

The company has estimated losses of £ 6,000 (2006 - £ 45,000) available for carry forward against future trading profits

AVALON PLASTICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2007

6 Tangible fixed assets

	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 December 2006	1,885,991	55,638	1,941,629
Additions	613,721	13,600	627,321
Disposals	(48,200)	-	(48,200)
At 30 November 2007	2,451,512	69,238	2,520,750
Depreciation			
At 1 December 2006	441,928	29,366	471,294
On disposals	(38,102)	-	(38,102)
Charge for the year	261,302	15,073	276,375
At 30 November 2007	665,128	44,439	709,567
Net book value			
At 30 November 2007	1,786,384	24,799	1,811,183
At 30 November 2006	1,444,063	26,272	1,470,335

Included above are assets held under finance leases or hire purchase contracts as follows

	Plant and machinery £
Net book values	
At 30 November 2007	1,277,080
At 30 November 2006	957,215
Depreciation charge for the year	
At 30 November 2007	125,875
At 30 November 2006	101,341

7 Stocks

	2007 £	2006 £
Finished goods and goods for resale	749,497	795,328

AVALON PLASTICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2007

8 Debtors	2007	2006
	£	£
Trade debtors	1,828,598	2,057,724
Corporation tax	43	43
Other debtors	-	258,159
Prepayments and accrued income	130,729	73,626
	<u>1,959,370</u>	<u>2,389,552</u>

Amounts falling due after more than one year and included in the debtors above are

	2007	2006
	£	£
Prepayments	<u>34,128</u>	<u>29,498</u>

9 Creditors' amounts falling due within one year	2007	2006
	£	£
Net obligations under hire purchase contracts	388,691	222,771
Trade creditors	638,159	1,015,866
Amounts owed to parent and fellow subsidiary undertakings	15,000	-
Taxes and social security costs	157,994	145,596
Other creditors	1,359,609	1,527,874
Accruals and deferred income	180,484	248,246
	<u>2,739,937</u>	<u>3,160,353</u>

Hire purchase liabilities and debt factoring advances held in other creditors £1,280,322 (2006 £1,470,092) are secured on the assets to which they relate

AVALON PLASTICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2007

10 Creditors amounts falling due after more than one year	2007 £	2006 £
Other loans	547,361	572,357
Net obligations under hire purchase contracts	715,988	592,797
	<u>1,263,349</u>	<u>1,165,154</u>
Analysis of loans		
Wholly repayable within five years	572,357	597,353
	<u>572,357</u>	<u>597,353</u>
Included in current liabilities	(24,996)	(24,996)
	<u>547,361</u>	<u>572,357</u>
Loan maturity analysis		
In more than two years but not more than five years	547,361	572,357
	<u>547,361</u>	<u>572,357</u>

Hire purchase liabilities of £715,988 (2006 £592,797) are secured on the assets to which they relate

11 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 December 2006	69,157
Profit and loss account	36,457
	<u>105,614</u>
Balance at 30 November 2007	<u>105,614</u>

The deferred tax liability is made up as follows:

	2007 £	2006 £
Accelerated capital allowances	110,147	81,018
Other timing differences	(3,303)	(3,303)
Tax losses available	(1,230)	(8,558)
	<u>105,614</u>	<u>69,157</u>

AVALON PLASTICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2007

12 Pension costs

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2007 £	2006 £
Contributions payable by the company for the year	51,270	39,461

13 Share capital

	2007 £	2006 £
Authorised		
1,000,000 Ordinary A shares of £1 each	1,000,000	1,000,000
200,000 Ordinary B shares of £1 each	200,000	200,000
	<u>1,200,000</u>	<u>1,200,000</u>
Allotted, called up and fully paid		
10,000 Ordinary A shares of £1 each	10,000	10,000
786 Ordinary B shares of £1 each	786	786
	<u>10,786</u>	<u>10,786</u>

Both classes of share have full rights to participate in distributions and any surplus on winding up. The A shares carry one vote per share, and the B shares have no voting rights.

14 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 December 2006	1,572	271,894
Profit for the year	-	148,459
	<u>1,572</u>	<u>420,353</u>
Balance at 30 November 2007		

AVALON PLASTICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2007

15 Reconciliation of movements in shareholders' funds	2007	2006
	£	£
Profit for the financial year	148,459	113,196
Opening shareholders' funds	284,252	171,056
	<hr/>	<hr/>
Closing shareholders' funds	432,711	284,252
	<hr/>	<hr/>

16 Financial commitments

At 30 November 2007 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 November 2008

	Land and buildings			Other
	2007	2006	2007	2006
	£	£	£	£
Operating leases which expire				
Within one year	-	-	3,555	-
Between two and five years	-	-	6,003	14,531
In over five years	102,000	102,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	102,000	102,000	9,558	14,531
	<hr/>	<hr/>	<hr/>	<hr/>

17 Directors' emoluments	2007	2006
	£	£
Emoluments for qualifying services	243,517	207,473
Company pension contributions to money purchase schemes	23,532	21,262
	<hr/>	<hr/>
	267,049	228,735
	<hr/>	<hr/>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 4 (2006 - 4)

Emoluments disclosed above include the following amounts paid to the highest paid director

Emoluments for qualifying services	111,300	47,019
Company pension contributions to money purchase schemes	7,542	5,642
	<hr/>	<hr/>

AVALON PLASTICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2007

18 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2007 Number	2006 Number
Administration and management	22	22
Production and other	110	106
	<u>132</u>	<u>128</u>

Employment costs

	2007 £	2006 £
Wages and salaries	2,726,778	2,454,919
Social security costs	226,764	169,268
Other pension costs	51,270	39,461
	<u>3,004,812</u>	<u>2,663,648</u>

19 Ultimate parent company

The company is controlled by its parent company