

Company Number: 00149360

AVON POLYMER PRODUCTS LIMITED
Annual Report and Unaudited Financial Statements
For the year ended 30 September 2024

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COMPANY INFORMATION

Directors: Miles Ingre Counter (resigned 2/12/2024)
Rich Cashin
Jos Sclater
Zoe Holland (appointed 2/12/2024)

Secretary: Zoe Holland (appointed 2/12/2024)
~~Miles Ingre Counter (resigned 2/12/2024)~~

Registered Office: Hampton Park West
Semington Road
Melksham
Wiltshire
SN12 6NB

Company Number: 00149360

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STRATEGIC REPORT

The directors present their strategic report for the year ended 30 September 2024.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company designs and produces life critical personal protection solutions for the world's militaries and first responders. With a portfolio that includes Chemical, Biological, Radiological, Nuclear ("CBRN") respiratory products, the Company's mission is to provide unparalleled protection for those who protect us, giving them the confidence to tackle challenging situations and helping them get home safe. The Company continues to focus on maximising sales from the current product portfolio and actively developing next generation technologies to enhance products and systems.

The Company is part of the Avon Technologies plc Group, which has a product portfolio that includes respiratory and head protection systems.

During the year the Company won several strategic contracts, including a £38m four-year contract with the MOD for the General Service Respirator (GSR); and rebreathers orders from Germany Navy and New Zealand.

Our rebreather continues to be the system of choice across NATO. We have further rebreather opportunities in the pipeline and remain of the view that we have a technological advantage over our competitors which improves diver safety and mission effectiveness.

Post year-end, the MITR-M1 Half Mask has recently been launched in early 2025 with a groundbreaking goggle set and adaptable helmet integration clips to be released by the end of 2025.

PRINCIPAL RISKS AND UNCERTAINTIES

The business is subject to a number of risks and uncertainties. The directors of Avon Technologies plc, the Company's parent undertaking, manage the Company's risks at a Group level, rather than at an individual business unit level. Discussion of these risks and uncertainties, in the context of the Avon Technologies plc Group, is provided on pages 70-76 of the 2024 Avon Technologies plc Group Annual Report.

KEY PERFORMANCE INDICATORS

The directors of Avon Technologies plc, the Company's parent undertaking, also monitor the Company's key performance indicators at a Group level, rather than at an individual business unit level. Review and analysis is provided the 2024 Avon Technologies plc Group Annual Report.

CLIMATE-RELATED CORPORATE REPORTING

The Company is compliant with policies and frameworks set by the Group which includes TCFD compliance as set out in the 2024 Avon Technologies plc Annual Report on pages 64-69. The Company is aligned to the objectives of the Group. The Directors fully recognise their responsibility to have regard to the impact of the Company's operations on the community and environment.

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

The Company is a subsidiary of the Group and therefore the SECR disclosures required in relation to both Avon Technologies plc and the Company have been included in the 2024 Avon Technologies plc Annual Report on page 58. The Avon Technologies plc Annual Report has been prepared for the same fiscal period as the Company.

STRATEGIC REPORT (continued)

SECTION 172(1) STATEMENT

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. Throughout the period, the Directors have had regard amongst other matter, to the:

- likely consequences of any decisions in the long-term;
- the interest of the company's employees;
- need to foster the company's business relationships with suppliers ,customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly between members of the company.

The Director's believe that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefits of its members as a whole, having regard to the stakeholders and matters set out in s172(1) of the Companies Act 2006 in the decisions taken during the year ended 30 September 2024.

From the perspective of the Directors as a result of the Group's governance structure, the Avon Technologies plc Board of Directors have taken the lead in carrying out the duties of a board in respect of the Company's other stakeholders. This includes matters relevant to the Company.

The Directors recognise that to ensure the continued success of the Company, all decisions must be taken with regard to the long-term outcome of any course of action and is impact on all stakeholders, including the Company's employees, shareholders, customers, suppliers and the communities within which the Company operates.

Further information on how stakeholder considerations are taken into account by the Board and how this impacts their decision making is provided in the 2024 Avon Technologies plc Group Annual report on page 48.

The Strategic Report was approved by the Board of Directors and signed on its behalf by:



Rich Cashin

Director

28 March 2025

DIRECTORS' REPORT

The directors present the annual report and financial statements of the Company for the year ended 30 September 2024.

DIVIDENDS AND RESULTS

Sales for the period from continuing operations were £47,210k (2023: £50,795k). Sales decreased mainly due a reduction in intercompany demand. The loss for the period was £322k (2023: profit of £5,251k). Key contributors to reduced profitability included higher discretionary employee compensation costs and an increase in the net interest charge on the UK defined benefit scheme. These and other factors more than offset an improved level of gross margin.

In the current period, the Company did not pay a dividend (2023: nil). The directors do not recommend payment of a final dividend.

FINANCIAL INSTRUMENTS

The Company uses financial instruments comprising borrowings, cash resources and various items such as trade receivables and payables that arise from its operations. The main risk arising from the Company's financial instruments is foreign exchange risk. Details of related risk management are included in the 2024 Avon Technologies plc Annual Report and Accounts in note 5.4.

GOING CONCERN

The financial statements have been prepared on a going concern basis. At 30 September 2024 Company had net current assets of £48,283k. Avon Technologies plc, the parent of the Company, has provided written confirmation of its intention to continue to provide financial support to the Company such that the Company is able to operate as a going concern and settle liabilities as they fall due for a period of at least 12 months from the date of the signing these Financial Statements. After considering the above, the Directors are satisfied that it remains appropriate to prepare the Financial Statements on a going concern basis.

DIRECTORS AND SHARE INTERESTS

The directors of the Company who were in office during the period and up to the date of signing the financial statements are listed in the Company Information section.

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

The beneficial interests of Rich Cashin and Jos Sclater in the shares and share options of the ultimate parent company, Avon Technologies plc, are disclosed in the financial statements of that company.

At the end of the financial period Miles Ingrey-Counter held shares in Avon Technologies plc totalling 31,748 (2023: 31,578).

Under the Performance Share Plan, a description of which is given in the Annual Report and Accounts of the ultimate parent company Avon Technologies plc, the following options have been granted to Miles Ingrey-Counter:

Total option awards outstanding at 01 Oct 2023	Vested during the period	Lapsed during the period	Granted 2023/24	Total option awards outstanding at 30 Sep 2024
48,845	-	(27,882)	51,818	72,781

DIRECTORS' REPORT (CONTINUED)

DISABLED PERSONS

It has been the policy of the Company throughout the period to encourage the employment and development of disabled persons.

No unnecessary limitations are placed on the type of work which disabled persons can perform and the policy ensures that in appropriate cases, consideration is given to modifications to equipment or premises and to adjustments in working practices.

The policy provides that full and fair consideration will be given to disabled applicants for employment and that existing employees who become disabled will have the opportunity to retrain and continue in employment.

EMPLOYEE INVOLVEMENT

Employee consultation, communication and involvement have long been recognised as being of great value and these practices will be maintained as a vital element in our drive to achieve the highest standards of training and development. Consultation enables employees' views to be taken into account in matters which may affect their interests and, as part of our continuous improvement activity, supervisors and employees meet regularly to tackle problems together in an atmosphere of teamwork.

FUTURE DEVELOPMENTS AND OUTLOOK

For information on future developments and outlook, refer to the Strategic Report.

DIRECTORS' INDEMNITIES

In accordance with the Company's Articles and subject to the provisions of the Companies Act 2006 ('the Act'), the Company maintains, at its expense, Directors' and Officers' insurance to provide cover in respect of legal action against its directors. This was in force throughout the financial period and remain in force as at the date of this report.

The Company's Articles allow the Company to provide the directors with funds to cover the costs incurred in defending legal proceedings. The Company is therefore treated as providing an indemnity for its directors and Company Secretary which is a qualifying third-party indemnity provision for the purposes of the Act.

POLITICAL CONTRIBUTIONS

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the period.

DIRECTORS REPORT (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practices (United Kingdom accounting standards and applicable law), including FRS 101 "Reduced Disclosure Framework".

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable, relevant and reliable;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors' Report was approved by the Board of Directors and signed on its behalf by:



Rich Cashin

Director

28 March 2025

AVON POLYMER PRODUCTS LIMITED

STATEMENT OF TOTAL COMPREHENSIVE INCOME **YEAR ENDED 30 SEPTEMBER 2024**

	Year ended 30 September 2024 £'000	52 weeks ended 30 September 2023 £'000
Revenue (notes 2 and 3)	47,210	50,795
Cost of sales	(27,509)	(32,335)
Gross profit	19,701	18,460
Selling and marketing costs	(4,433)	(4,440)
General and administrative expenses	(8,143)	(6,056)
Research and development	(4,477)	(2,854)
Operating profit (note 3)	2,648	5,110
Operating profit is analysed as:		
Before depreciation and amortisation	4,844	8,012
Depreciation and amortisation (note 6)	(928)	(2,490)
Impairment (note 6)	(1,268)	(412)
Operating profit	2,648	5,110
Net finance costs (note 5)	(1,587)	(321)
Profit before taxation	1,061	4,789
Tax charge (note 7)	(1,383)	(927)
(Loss)/profit for the period from continuing operations	(322)	3,862
Profit from discontinued operations (note 4)	-	1,389
(Loss)/profit for the period	(322)	5,251
Other comprehensive income/(expense)		
<i>Items that are not subsequently reclassified to the income statement</i>		
Actuarial gain/(loss) recognised on retirement benefit scheme (note 9)	15,396	(26,026)
Deferred tax relating to retirement benefit scheme (note 7)	(3,911)	6,541
Tax relating to gains on share option exercises (note 7)	28	-
Other comprehensive income/(expense) for the period, net of taxation	11,513	(19,485)
Total comprehensive income/(expense) for the period	11,191	(14,234)

AVON POLYMER PRODUCTS LIMITED

BALANCE SHEET AT 30 SEPTEMBER 2024

	At 30 September 2024	At 30 September 2023
	£'000	£'000
ASSETS		
Non-current assets		
Intangible assets (note 10)	928	2,363
Plant and equipment (note 11)	2,813	2,549
Net deferred tax assets (note 7)	4,369	9,548
Investments in subsidiaries (note 13)	30	30
	8,140	14,490
Current assets		
Inventories (note 14)	7,818	5,830
Trade and other receivables (note 15)	6,566	6,539
Amounts owed by Group undertakings	39,825	40,913
Cash and cash equivalents	910	2,794
	55,119	56,076
TOTAL ASSETS	63,259	70,566
EQUITY AND LIABILITIES		
Equity attributable to the owners of the parent		
Called up share capital (note 19)	-	-
Retained earnings	43,093	31,902
TOTAL EQUITY	43,093	31,902
LIABILITIES		
Non-current liabilities		
Borrowings (note 17)	3	33
Provisions for liabilities and charges (note 18)	455	687
Retirement benefit obligations (note 9)	12,872	32,887
	13,330	33,607
Current liabilities		
Borrowings (note 17)	30	30
Provisions for liabilities and charges (note 18)	980	100
Trade and other payables (note 16)	5,826	4,927
	6,836	5,057
TOTAL LIABILITIES	20,166	38,664
TOTAL EQUITY AND LIABILITIES	63,259	70,566

For the period ended 30 September 2024 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the Company to obtain an audit of its accounts for the period in question in accordance with section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements on pages 6 to 32 were approved by the board of directors on 28 March 2025 and were signed on its behalf by:



Zoe Holland
Director



Rich Cashin
Director

The notes on pages 10 to 32 form part of the financial statements.

AVON POLYMER PRODUCTS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
At 01 October 2022	-	46,136	46,136
Profit for the period	-	5,251	5,251
Actuarial loss recognised on retirement benefit scheme (note 9)	-	(26,026)	(26,026)
Deferred tax relating to retirement benefit scheme (note 7)	-	6,541	6,541
Total comprehensive income for the period	-	(14,234)	(14,234)
At 30 September 2023	-	31,902	31,902
Loss for the period	-	(322)	(322)
Actuarial loss recognised on retirement benefit scheme (note 9)	-	15,396	15,396
Deferred tax relating to retirement benefit scheme (note 7)	-	(3,911)	(3,911)
Tax relating to gains on share option exercise (note 7)	-	28	28
Total comprehensive income for the period	-	11,191	11,191
At 30 September 2024	-	43,093	43,093

AVON POLYMER PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGEMENTS

Basis of Preparation

The Company is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The Company registration number is 00149360.

The address of the registered office is given within the Company information page. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 1.

The financial period presents year ended 30 September 2024 (prior financial period 52 weeks ended 30 September 2023). The Company has adopted a calendar year end to align with the wider Avon Technologies Group. These financial statements are presented in sterling (GBP) because that is the currency of the primary economic environment in which the Company operates. Monetary amounts in these financial statements are rounded to the nearest thousand £.

The financial statements have been prepared on a going concern basis and in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and under the historical cost convention except for financial assets and liabilities (including derivative instruments) held at fair value through profit and loss.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Comparative period reconciliations for tangible fixed assets and intangible assets; and
- Disclosures in respect of capital management

As the consolidated statements of Avon Technologies plc include the equivalent disclosures, the Company has also taken exemptions under FRS101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 2 Share-based payments;
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instruments: Disclosures;
- Certain disclosures required by IAS 8 Accounting policies, Changes in Accounting Estimates and Errors;
- Certain disclosures required by IFRS 15 Revenue from Contracts with Customers
- Certain disclosures required by IFRS 16 Leases
- Disclosures in relation to compensation of key management personnel

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Consolidation

The Company is exempt from the requirement to prepare consolidated financial statements by virtue of s400 of the Companies Act 2006. These financial statements are separate financial statements and present information about the Company as an individual undertaking, and not the Group.

The Company's parent, Avon Technologies plc, include the Company in its consolidated financial statements in its 2024 Annual report. This report is available to the public and can be requested from Hampton Park West, Semington Road, Melksham, Wiltshire, SN12 6NB.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue

Revenue recognition

Revenue is measured at the fair value of the consideration which is expected to be received in exchange for goods and services provided, net of trade discounts and sales-related taxes.

Revenue is recognised when all of the following conditions are satisfied:

- A contract exists with a customer;
- The performance obligations within the contract have been identified;
- The transaction price has been determined;
- The transaction price has been allocated to the performance obligations within the contract; and
- Revenue is recognised as or when a performance obligation is satisfied

Sale of goods – point in time

Revenue from the sale of goods is recognised when control of the goods has transferred to the customer, usually being when the goods have been shipped to the customer in accordance with the contracted shipping terms.

Provision of services

Revenue from a contract to provide services is recognised over time as those services are provided. The Company recognises the amount of revenue from the services provided under a contract with reference to the costs incurred as a proportion of total expected costs.

Contract assets and liabilities

Assets and liabilities arising from contracts with customers are separately identified. Contract assets relate to consideration recognised for work completed but not billed at the balance sheet date. Contract liabilities relate to consideration received but not recognised as revenue at the balance sheet date.

Segment reporting

Segments are identified based on how management monitors the business. The Directors have determined the Company currently has one continuing operating segment, for the Avon Protection Respiratory business.

An operating segment is a component of an entity:

- That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity)
- Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- For which discrete financial information is available.

Operating segments are aggregated into a single reportable segment only when the segments have similar economic characteristics, and the segments are similar in each of the following respects:

- The nature of the products and services; the nature of the production processes.
- The type or class of customer for their products and services; the methods used to distribute their products or provide their services.
- The nature of the regulatory environment.

The directors assess the performance of operating segments based on the measures of revenue, adjusted EBITDA and adjusted operating profit, as well as other measures not defined under IFRS. Further details on these measures can be found in the Avon Technologies plc 2024 Annual Report and Accounts, pages 118-123.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going Concern

The financial statements have been prepared on a going concern basis. The Company has net current assets of £48,283k. Avon Technologies plc, the parent of the Company, has provided written confirmation of its intention to continue to provide financial support to the Company such that the Company is able to operate as a going concern and settle liabilities as they fall due for a period of at least 12 months from the date of the signing these Financial Statements. After considering the above, the Directors are satisfied that it remains appropriate to prepare the Financial Statements on a going concern basis.

Pension obligations and post-retirement benefits

The Company makes contributions to defined contribution pension plans and also participated in, and is the sponsoring employer of, a UK defined benefit pension which closed to future accrual on 1 October 2009. The defined benefit plan's asset or liability as recognised in the balance sheet is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in full in the period in which they occur, as part of other comprehensive income. Costs associated with investment management are deducted from the return on plan assets. Other expenses are recognised in the income statement as incurred.

For the defined contribution plans, the Company pays contributions to privately administered pension plans on a mandatory, contractual or voluntary basis. Contributions are expensed as incurred.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Identifiable net assets include intangible assets other than goodwill. Any such intangible assets are amortised over their expected future lives unless they are regarded as having an indefinite life, in which case they are not amortised, but subjected to annual impairment testing in a similar manner to goodwill.

Since the transition to IFRS, goodwill arising from acquisitions of subsidiaries after 3 October 1998 is included in intangible assets, is not amortised but is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill arising from acquisitions of subsidiaries before 3 October 1998, which was set against reserves in the period of acquisition under UK GAAP, has not been reinstated and is not included in determining any subsequent profit or loss on disposal of the related entity.

Goodwill is tested for impairment at least annually or whenever there is an indication that the asset may be impaired. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Any impairment is recognised immediately in the Statement of Total Comprehensive Income. Subsequent reversals of impairment losses for goodwill are not recognised.

Development expenditure

Expenditure in respect of product development is capitalised where a positive outcome is assessed as being reasonably certain, taking account of commercial viability and technical feasibility. Subsequently capitalised costs are amortised over the expected useful life of the related products (typically between five and ten years), representing the estimated period of sales. Amortisation begins when a development project is substantively complete and the related product is available for sale. Expenditure that does not meet these criteria is expensed as incurred. Development costs capitalised are tested for impairment annually or whenever there is an indication that the asset may be impaired. Any impairment is recognised immediately in the Statement of Total Comprehensive Income. External customer contributions to development projects are net with underlying expenses.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Computer software

Computer software comprises costs that are directly associated with the production of identifiable software products controlled by the Company, and are probable of producing future economic benefits. Capitalised costs include employee costs and directly attributable overheads. Costs associated with maintaining software programs are recognised as an expense when they are incurred. Amortisation is charged to the Comprehensive Income Statement on a straight-line basis over the estimated useful life from the date the software is available for use, generally between three and ten years.

Other intangible assets

Other intangible assets that are acquired by the Company as part of business combinations are stated at cost less accumulated amortisation and impairment losses. The useful lives take account of the differing natures of each of the assets acquired.

Amortisation is charged on a straight-line basis over the estimated useful lives of the assets through general and administrative expenses.

Plant and equipment

Plant and equipment is stated at historical cost or deemed cost where IFRS 1 exemptions have been applied, less accumulated depreciation and any recognised impairment losses.

Costs include the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use including any qualifying finance expenses.

Depreciation is provided on other assets estimated to write down the depreciable amount of relevant assets by equal annual instalments over their estimated useful lives.

In general, the lives used are:

- Computer hardware 3 years
- Presses 10 to 15 years
- Other plant and machinery 5 to 10 years.

The residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated net realisable value. Gains and losses on disposal are determined by comparing proceeds with carrying amounts. These are included in the Statement of Total Comprehensive Income.

Leases

Right of use assets and lease liabilities are recognised at the commencement date of the contract for all leases conveying the right to control the associated asset for a period of time.

The right of use assets are initially measured at cost, which comprises the initial measurement of the lease liability plus certain direct costs incurred. Subsequently the right of use assets are measured at cost less accumulated depreciation, any accumulated impairment losses and adjusted for any re-measurement of the lease liability.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Depreciation is calculated on a straight-line basis over the life of the lease.

The lease liability is initially measured at the present value of the lease payments due over the life of the lease. The lease payments are discounted at the rate implicit in the lease or if that is not readily determined using the Company's incremental borrowing rate.

The lease term is determined with reference to any non-cancellable period of lease contracts plus any periods covered by an option to extend / terminate the lease if it is considered reasonably certain that the option will / will not be exercised. In concluding whether or not it is reasonably certain an option will be exercised for new leases management has considered the strategic outlook for the Company and other operational factors.

Subsequently the lease liability is measured by increasing the carrying value to reflect interest on the liability and reducing the carrying value to reflect lease payments made.

Inventories

Inventories are stated at the lower of cost, including all relevant overhead expenditure, and net realisable value. Inventory cost is valued using the most appropriate method based on the business use of inventory. In the majority of cases this is standard cost. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable incremental selling expenses.

Financial Instruments

Non-derivative financial instruments and hedging

Recognition and initial measurement

Trade receivables are initially recognised when they are originated and measured at the transaction price.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers and are initially recognised at fair value.

All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument and measured at fair value.

Classification and subsequent measurement

Trade and other receivables and trade and other payables are classified as measured at amortised cost.

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and contract assets (as defined in IFRS 15).

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Accounts payable are classified as current liabilities if payment is due within one year or less (or in normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Cash and cash equivalents include cash at bank and in hand and highly liquid interest-bearing securities with maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment

At each reporting date the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently stated at amortised cost. Borrowing costs are expensed using the effective interest method.

Taxation

Income tax on the profit or loss for the period comprises current and deferred tax.

Taxable profit differs from accounting profit because it excludes certain items of income and expense that are recognised in the financial statements but are treated differently for tax purposes.

Current tax is the amount of tax expected to be payable or receivable on the taxable profit or loss for the current period. This amount is then amended for any adjustments in respect of prior periods.

Current tax is calculated using tax rates that have been written into law ('enacted') or irrevocably announced / committed by the respective Government ('substantively enacted') at the period-end date. Current tax receivable (assets) and payable (liabilities) are offset only when there is a legal right to settle them net and the entity intends to do so.

Because of the differences between accounting and taxable profits and losses reported in each period, temporary differences arise on the amount certain assets and liabilities are carried at for accounting purposes and their respective tax values. Deferred tax is the amount of tax payable or recoverable on these temporary differences.

Deferred tax liabilities arise where the carrying amount of an asset is higher than the tax value (more tax deduction has been taken). Deferred tax liabilities are generally fully provided on all taxable temporary differences. The periods over which such temporary differences will reverse will vary depending on the life of the related asset or liability.

Deferred tax assets arise where the carrying amount of an asset is lower than the tax value (less tax benefit has been taken). Deferred tax assets are only recognised where the Company considers it probable that it will be able to use such losses by offsetting them against future taxable profits.

Deferred tax is calculated using the enacted or substantively enacted rates that are expected to apply with the asset is realised or the liability is settled. Similarly to current taxes, deferred tax assets and liabilities are offset only when there is a legal right to settle them net and the entity intends to do so.

Income tax expense reported in the financial statements comprises current tax as well as the effects of changes in deferred tax assets and liabilities. Tax expense / credits are generally recognised in the same place as the item to which they relate.

Amounts owed by Group undertakings

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

Amounts owed to Group undertakings

Amounts owed to fellow group undertakings are stated at cost.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Exchange Rates

Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange at the balance sheet date.

Exchange differences are taken to the profit and loss account in the period in which they arise.

Employee benefits – share options

Avon Technologies plc (the Company's parent company) operates an equity settled, share-based compensation plan. Where benefiting employees are employed by Avon Polymer Products Limited, the fair-value of the share options is recharged by Avon Technologies plc to Avon Polymer Products Limited. The cost is recognised within general and administrative expenses.

Equity

Equity comprises the following:

'Called up share capital' represents the nominal value of equity shares.

'Retained earnings' represents retained profit.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Interest receivable and Interest payable

Interest receivable and interest payable is recognised in profit and loss as it accrues, using the effective interest rate method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting judgments and estimates

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The key areas where assumptions and estimates are significant to the financial statements are disclosed below.

Estimating the defined benefits pension scheme assets and obligations

The Company operates a defined benefit scheme which is closed to future accrual of benefit. Avon Polymer Products Limited has included in its financial results the full defined benefit pension liability, as it is the sponsoring company of the scheme.

Measurement of defined benefit pension obligations requires estimation of future changes in inflation and mortality rates, and the selection of a suitable discount rate.

The investments held by the pension scheme include both quoted and unquoted securities, the latter which by their nature involve assumptions and estimates to determine their fair value. Where there isn't an active market for the unquoted securities the fair value of these assets are estimated by the pension trustees based on advice received from the investment manager whilst also using any available market evidence of any recent transactions for an identical asset. The assumptions used in valuing unquoted investments are affected by current market conditions and trends which could result in changes in fair value after the measurement date.

An updated actuarial valuation was carried out by an independent team from the actuary (Aon) for year-end using the projected unit credit method. In the current financial year, the actuarial valuation provider was changed to Aon, having previously been a separate third party. This change facilitated the use of detailed member-by-member calculations to estimate defined benefit obligations, as applied during full actuarial valuations. This approach refines roll-forward methodology used previously and is considered a change in accounting estimate.

NOTES TO THE FINANCIAL STATEMENTS

2 REVENUE

	2024 £'000	2023 £'000
Revenue		
External customers	32,980	31,073
Group undertakings	14,230	19,722
	<u>47,210</u>	<u>50,795</u>

3 SEGMENTAL INFORMATION

By destination	2024	2023
	Revenue £'000	Revenue £'000
Europe	27,704	23,887
North America	14,510	21,505
Rest of World	4,996	5,403
	<u>47,210</u>	<u>50,795</u>

By Business Segment – Avon Protection	2024	2023
	£'000	£'000
Revenue	47,210	50,795
Operating profit	2,648	5,110

4 DISCONTINUED OPERATIONS

In September 2020 the Company divested of the milkrite | InterPuls business, resulting in its classification as discontinued. As part of the divestment, the Group entered into a Manufacturing Service Agreement with the purchasers to provide manufacturing support, which ended on 30 September 2023. As the activity under this agreement was not part of continuing operations, related revenue and costs were classified as discontinued.

	2024 £'000	2023 £'000
Revenue	-	5,015
Cost of Sales	-	(3,230)
Gross profit	-	1,785
Selling and marketing costs	-	-
General and administrative expenses	-	-
Profit before taxation	-	1,785
Taxation	-	(396)
Profit from discontinued operations	<u>-</u>	<u>1,389</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 NET FINANCE COSTS

	2024	2023
	£'000	£'000
Interest payable on bank loans and overdrafts	(24)	(22)
Interest payable in respect of leases	(2)	(3)
Bank interest receivable	48	29
Net interest cost: UK defined benefit pension scheme (note 9)	(1,609)	(325)
Net finance costs	(1,587)	(321)

6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2024	2023
	£'000	£'000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation on tangible fixed assets (note 11)	499	1,490
Amortisation of development costs and software (note 10)	429	1,000
Impairments of tangible and intangible assets (note 10 and 11)	1,268	412
Research and development (excluding amortisation and impairment)	3,184	1,772
Loss on disposal of plant and equipment (note 11)	1	8
Foreign exchange losses	70	1,994

	2024	2023
	£'000	£'000
Auditors' remuneration:		
Auditors' remuneration	91	89
	91	89

Auditors' remuneration is an allocation of the overall Group audit fee for work performed in support of the audit opinion for the Group financial statements. The Group audit fee is disclosed on page 145 of the Avon Technologies plc Annual Report and Accounts 2024.

The members have not required the Company to obtain an audit of its individual financial statements for the period in question in accordance with section 476. No separate opinion is provided by the auditor over these financial statements which are unaudited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

a) Analysis of charge in the period

	2024	2023
	£'000	£'000
Current tax charge	23	-
Current tax adjustments in respect of previous periods	(12)	453
Deferred taxation charge	1,118	924
Deferred tax adjustments in respect of previous periods	254	(450)
Taxation charge	1,383	927

The standard rate of corporation tax in the UK rose from 19% to 25% from 1 April 2023. The average rate of UK tax in the prior period was therefore of 22.0%.

b) Tax income included in other comprehensive income

	2024	2023
	£'000	£'000
Deferred tax relating to retirement benefit scheme	(3,911)	6,541
Tax relating to gains on share option exercises	28	-
	(3,883)	6,541

c) Factors affecting current tax charge

	2024	2023
	£'000	£'000
Profit on ordinary activities before taxation	1,061	4,789
Profit on ordinary activities at the average standard UK tax rate of 25.0% (2023: 22.0%)	265	1,054
Tax allowances	(22)	(13)
Expenses not deductible / (income not taxable) for tax purposes	187	(170)
Imputed interest on intercompany loans	711	151
Change in tax rate for deferred tax	-	(98)
Group relief not paid for	-	-
Adjustments in respect of previous periods	242	3
Tax charge for the period	1,383	927

d) Deferred taxation

	2024	2023
	£'000	£'000
Capital allowances	(390)	(253)
Short term timing differences	1,541	1,579
Pension liability	3,218	8,222
Net deferred tax asset	4,369	9,548

Deferred tax assets have been recognised in respect of these items as it is probable that future taxable profits will be available against which the Company can utilise the benefits therefrom.

The Company has no unrecognised deferred tax assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 EMPLOYEES

The total remuneration and associated costs incurred during the period, in relation to both continuing and discontinued operations, were:

Staff costs during the period were:	2024	2023
	£'000	£'000
Wages and salaries	14,173	13,048
Social security costs	1,493	1,458
Other pension costs	749	756
	16,415	15,262
Average monthly number of employees:	2024	2023
Avon Protection	277	315

The emoluments of Jos Sclater and Rich Cashin were paid by the ultimate holding company, Avon Technologies plc and are disclosed in the financial statements of that Company.

The emoluments of the other directors can be summarised as follows:

	2024	2023
	£'000	£'000
Remuneration for qualifying services	485	278
Company pension contributions to defined contribution schemes	8	10
	493	288

The number of directors for whom retirement benefits are accruing during the period under defined contribution schemes amounted to 1 (2023: 1).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 PENSIONS

Retirement benefit assets and liabilities can be analysed as follows:

	2024	2023
	£'000	£'000
Pension liability	12,872	32,887

The Company participates in, and is the sponsoring employer of, the Avon Technologies Group pension plan. The Avon Technologies Group operated a contributory defined benefits plan to provide pension and death benefits for the employees of Avon Technologies plc and its Group undertakings in the UK employed prior to 31 January 2003. The plan was closed to future accrual of benefit on 1 October 2009 and has a weighted average maturity of approximately eleven years. The assets of the plan are held in separate trustee administered funds and are invested by professional investment managers. The Trustee is Avon Rubber Pension Trust Limited, the directors of which are members of the plan. Five of the directors are appointed by the Company and two are elected by the members. The defined benefit plan exposes the Company to actuarial risks such as longevity risk, inflation risk and investment risk.

The funding of the plan is based on regular actuarial valuations. The most recent full actuarial valuation of the plan was carried out at 31 March 2022 when the market value of the plan's assets was £337.5 million. The fair value of those assets represented 91% of the value of the benefits which had accrued to members, after allowing for future increase in pensions.

During the period the Group made £7.1m payments to the fund in respect of scheme expenses and deficit recovery plan payments (2023: nil). In accordance with the deficit recovery plan agreed following the 31 March 2022 actuarial valuation, the Group will make payments in FY25 of £4.3m, FY26 of £4.7m and FY27 of £5.1m in respect of deficit recovery plan payments and scheme expenses.

The Directors have confirmed no additional liability is required to be recognised as a consequence of minimum funding requirements. The trustees have no rights to wind up the scheme or improve benefits without Company consent.

An updated actuarial valuation for IAS 19 purposes was carried out by an independent actuary for the period end using the projected unit credit method. During the period the actuarial valuation provider was changed to Aon, having previously been a separate third party. This change facilitated the use of detailed member-by-member calculations to estimate defined benefit obligations, as applied during full actuarial valuations. This approach refines roll-forward methodology used previously and is considered a change in accounting estimate under IAS 8. The change is estimated to have reduced defined benefit obligations by £10.0m, included in 2024 other comprehensive income under actuarial experience adjustments.

Administrative expenses have been shown as a deduction against defined benefit assets in 2024 as these are not part of the actuarial defined benefit funding obligation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 PENSIONS (continued)

Movement in net defined benefit liability

	Defined benefit obligation		Defined benefit asset		Net defined benefit liability	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000
At the beginning of the period	(262,582)	(258,142)	229,695	252,406	(32,887)	(5,736)
Included in profit or loss						
Administrative expenses	-	(800)	(898)	-	(898)	(800)
Net interest cost	(13,964)	(13,196)	12,355	12,871	(1,609)	(325)
	(13,964)	(13,996)	11,457	12,871	(2,507)	(1,125)
Included in other comprehensive income						
Remeasurement (loss)/gain:						
- Actuarial (loss)/gain arising from:						
- demographic assumptions	5,739	(2,085)	-	-	5,739	(2,085)
- financial assumptions	(9,202)	12,205	-	-	(9,202)	12,205
- experience adjustment	16,677	(19,936)	-	-	16,677	(19,936)
- Return on plan assets excluding interest income		-	2,182	(16,210)	2,182	(16,210)
	13,214	(9,816)	2,182	(16,210)	15,396	(26,026)
Other						
Contributions by the employer	-	-	7,126	-	7,126	-
Net benefits paid out	17,377	19,372	(17,377)	(19,372)	-	-
At the end of the period	(245,955)	(262,582)	233,083	229,695	(12,872)	(32,887)

Plan Assets

The fair value of the assets of the pension scheme analysed by asset category is shown below:

	2024 £'000	2023 £'000
Equities and other securities	71,891	67,924
Liability Driven Investment	103,226	60,208
Infrastructure fund	34,929	52,197
Other receivable	19,494	-
Cash	3,543	49,366
Total fair value of assets	233,083	229,695

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 PENSIONS (continued)

At the year end, a portion of infrastructure fund asset had been redeemed but the cash had not yet been received and therefore this has been classified as an other receivable.

Equity securities are valued using quoted prices in active markets where available. The Liability Driven Investment (LDI) comprises an investment in a level 2 pooled investment vehicle which combines a series of variable interest-earning cash deposits with contracts to hedge interest rate and inflation risk. The LDI is valued using a net asset value.

£85.4 million (2023: £102.9 million) of the remaining investments are classified as level 3 within the fair value hierarchy. Holdings in unquoted securities are valued at fair value which is typically the net asset value provided by the fund administrator at the most recent quarter end. Holdings in the infrastructure fund are valued by an independent valuer using a model-based valuation such as a discounted cash flow approach.

The significant assumptions used in the valuation are the discount rate and the expected cash flows, both of which are subject to estimation uncertainty. Changes in assumptions relating to these variables could positively or negatively impact the reported fair value of these instruments.

The defined benefit pension scheme has an investment strategy which is targeted at maximising investment returns with a low risk strategy which still represents a prudent approach to meeting the plan's liabilities and ensuring that members' benefits are protected. The strategy considers the need for appropriate asset class diversification to balance the risks and rewards across a range of alternative asset classes. The investments held by the pension scheme include both quoted and unquoted securities, the latter of which by their nature involve assumptions and estimates to determine their fair value. Where there is not an active market for the unquoted securities, the fair value of these assets is estimated by the pension trustees based on advice received from the investment manager whilst also using any available market evidence of any recent transactions for an identical asset. The target weightings under the current asset allocation strategy are 40% to matching investments, 50% to cash flow driven investments and 10% to return-seeking investments.

Actuarial assumptions

The main financial assumptions used by the independent qualified actuaries to calculate the liabilities under IAS 19 (revised) are set out below:

	2024	2023
	% p.a.	% p.a.
Inflation (RPI)	3.10	3.30
Inflation (CPI)	2.70	2.65
Pension increases post August 2005	2.15	2.10
Pension increases pre August 2005	2.90	3.10
Discount rate for scheme liabilities	5.05	5.50
Base mortality	Deferred members: 114% of S3PA tables Pensioners: 104% of S3PA tables based on members' year of birth	Deferred members: 114% of S3PA tables Pensioners: 104% of S3PA tables based on members' year of birth
Future improvements in longevity	CMI 2023 projections with a long-term trend of 1.25% p.a.	CMI 2022 projections with a long-term trend of 1.50% p.a.

RPI inflation has been set in line with market break even expectations less an inflation risk premium of 0.3% (2023: 0.3%). Sensitivity analysis for inflation is disclosed on the following page.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 PENSIONS (continued)

Mortality rate

Assumptions regarding future mortality experience are set based on advice, published statistics and experience.

The average life expectancy in years of a pensioner retiring at age 65 on the balance sheet date is as follows:

	2024	2023
Male	21.1	21.3
Female	23.6	23.7

The average life expectancy in years of a pensioner retiring at age 65, 20 years after the balance sheet date is as follows:

	2024	2023
Male	21.6	22.1
Female	24.4	24.8

Core CMI 2023 mortality assumptions have been adopted which include an adjustment for the impact of COVID-19. This is based on 15% of the higher mortality rates experienced in England and Wales in calendar year 2022 and 2023. Core CMI 2022 mortality assumptions applied in the prior period included a COVID-19 adjustment of 25% of the higher mortality rates experienced in England and Wales in calendar year 2022.

Sensitivity analysis

	Defined benefit obligation Increase/(decrease) £'000
Inflation (RPI) (0.25% increase)	4,271
Inflation (RPI) (0.25% decrease)	(4,213)
Discount rate for scheme liabilities (0.25% increase)	(6,496)
Discount rate for scheme liabilities (0.25% decrease)	6,926
Future mortality (1 year increase)	8,728

The above sensitivity analysis shows the impact on the defined benefit obligation only, not the net pension liability as it does not take into account any impact on the asset valuation. Each sensitivity analysis disclosed in this note is based on changing one assumption while holding all other assumptions constant. In practice, this is unlikely to occur.

Defined contribution pension scheme

The cost to the Company of the defined contribution scheme for the period ended 30 September 2024 amounted to £749k (2023: £756k).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 INTANGIBLE ASSETS

	Goodwill	Acquired	Development	Computer	Total
	£'000	intangibles	expenditure	software	£'000
	£'000	£'000	£'000	£'000	£'000
Cost:					
At 30 September 2023	487	2,277	6,862	603	10,229
Additions	-	-	-	-	-
Reclassifications	-	-	(42)	-	(42)
Disposals	-	-	(41)	(47)	(88)
At 30 September 2024	487	2,277	6,779	556	10,099
Accumulated Amortisation:					
At 30 September 2023	-	2,277	5,054	535	7,866
Charge for the period	-	-	417	12	429
Impairments	-	-	876	-	876
Disposals	-	-	-	-	-
At 30 September 2024	-	2,277	6,347	547	9,171
Net book value at 30 September 2024	487	-	432	9	928
Net book value at 30 September 2023	487	-	1,808	68	2,363

The remaining useful economic life of the development expenditure is up to three years.

Impairment review of goodwill

Goodwill is tested for impairment at least annually or whenever there is an indication that the asset may be impaired. Goodwill is allocated to cash generating units ('CGUs') for the purpose of impairment testing. For the purpose of impairment testing and in line with operating segment considerations (note 1), the Directors consider the Company has a single CGU, the Avon Protection Respiratory business.

The total carrying value of the CGU is tested for impairment against corresponding recoverable amounts. CGU carrying values include associated goodwill, other intangible assets, plant and equipment, and attributable working capital.

The recoverable amount of the CGU has been determined based on value in use calculations, using discounted cash flow projections for a five-year period plus a terminal value based upon a long-term perpetuity growth rate of 1.5% (2023: 1.5%).

Value in use calculations are based on the Company's Board approved five-year plan. It is considered appropriate to extrapolate cash flows into perpetuity as the fifth year represents a reasonable estimate of steady state business operations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 INTANGIBLE ASSETS (continued)

Impairment review of goodwill (continued)

The post-tax discount rate applied was 12.5% (2023: 10.4%). The equivalent pre-tax rate was 16.1% (2023: 14.2%). The post-tax discount rate was derived by external experts taking into consideration current market conditions.

The Company's Board-approved five-year plan includes management's estimate of revenue, gross margin and other financial assumptions that will be achieved. These consolidate risk-adjusted granular forecasts for individual products or initiatives that consider market opportunities, execution risk, past experience and other relevant factors. More information on the Group's strategy can be found in the 2024 Avon Technologies plc Annual Report and Accounts, pages 12-24.

The Company has assessed the potential impact of climate change for the next five years to be low, and has therefore not included climate related impacts in the value in use calculation. Beyond 2028, although there are potential costs associated with climate change, these are balanced with significant opportunity for increased demand for protective products in a changing global security environment. Given this balanced view no climate related risk adjustments have been made to long-term projections beyond five years.

Value in use for the Avon Protection Respiratory CGU is substantially greater than its carrying amount. Sensitivity analysis has been performed which shows there are no reasonable changes in assumptions that would result in an impairment to goodwill and other net assets.

Impairment review of development costs

The Company tests development cost assets not yet ready for use annually for impairment, or more frequently if there are indications of impairment.

Intangible assets are tested for impairment by grouping development assets into the smallest identifiable group of assets generating future cash flows largely independent from other assets (CGUs). Included in CGUs are development expenditure, tangible assets and inventory related to the product group. CGUs are tested for impairment annually and whenever there is an indication of impairment. The CGUs have been tested against their recoverable amount deemed to be their value in use. Cash flows were discounted using a post-tax rate of 12.5% (2023: 10.4%). Equivalent pre-tax rates were 16.1% (2023: 14.2%). Cash flows were adjusted to incorporate risks specific to each CGU. Sensitivity analysis demonstrated any reasonably possible change in discount rate to incorporate an uplift to the size premium for smaller CGUs would not result in any additional impairments.

As a result of the review, the boots and gloves product range CGU was impaired by £1,268k (£876k fully impairing associated development expenditure, £392k plant and machinery). The impairment was a result of changes in forecast cash flows based on latest costing and revenue assumptions.

The remaining £1,793k carrying amount post-impairment is dependent on securing further profitable future orders and reductions in unit product cost as volumes increase to full rate production. There is no dependency on expansionary capital expenditure. Sensitivity to key assumptions is as follows:

	Increase to 2024 boots and gloves CGU impairment
	£m
Revenue reduced by 20.0%	0.4
Gross margin reduced by 2.5%	0.4
Post-tax discount rate increased by 1.0%	0.1

In the prior period, assets relating to one of the products in the Company's escape hood range were fully impaired by £412k due to its discontinuation (£172k development expenditure, £240k plant and machinery).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 PLANT AND EQUIPMENT

	Right of use lease assets £'000	Plant and Machinery £'000	Total £'000
Cost:			
At 30 September 2023	279	13,084	13,363
Additions	-	1,114	1,114
Reclassifications	-	42	42
Disposals	-	(800)	(800)
At 30 September 2024	<u>279</u>	<u>13,440</u>	<u>13,719</u>
Accumulated Depreciation:			
At 30 September 2023	201	10,613	10,814
Charge for the period	34	465	499
Impairments	-	392	392
Disposals	-	(799)	(799)
At 30 September 2024	<u>235</u>	<u>10,671</u>	<u>10,906</u>
Net book value at 30 September 2024	<u>44</u>	<u>2,769</u>	<u>2,813</u>
Net book value at 30 September 2023	<u>78</u>	<u>2,471</u>	<u>2,549</u>

12 FINANCIAL COMMITMENTS

	2024 £'000	2023 £'000
Capital expenditure committed	<u>75</u>	<u>643</u>

Capital expenditure committed represents the amount committed at the end of the financial period for which no provision has been made in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 INVESTMENTS IN SUBSIDIARIES

	2024	2023
	£'000	£'000
Avon Protection U.K. Limited	30	30
Avon Protection Limited	-	-
	30	30

The Company holds investments in the following subsidiaries:

Company	Registered office address	Activity	Country of incorporation	Shareholding %
Avon Protection Limited	Hampton Park West, Semington Road, Melksham, Wiltshire, SN12 6NB	Dormant	UK	100%
Avon Protection U.K. Limited	Hampton Park West, Semington Road, Melksham, Wiltshire, SN12 6NB	Dormant	UK	100%

All shareholdings are ordinary shares. All companies have the same period end.

In the current period, Avon Technologies Limited changed its name to Avon Protection Limited.

Avon Polymer Products Limited is a subsidiary of Avon Technologies plc.

In the opinion of the directors, the value of the Company's investment in its subsidiaries is not less than that stated in the balance sheet.

14 INVENTORIES

	2024	2023
	£	£
Raw materials	5,123	4,239
Work in progress	1,999	1,865
Finished goods	2,273	2,044
Inventory - gross	9,395	8,148
Inventory provision	(1,577)	(2,318)
Inventory - net	7,818	5,830

The amount of inventory carried as fair value less costs to sell is £nil (2023: £nil). The replacement cost of inventories is not materially different to historic cost.

The cost of inventories recognised as an expense and included in cost of sales amounted to £11,488k (2023: £11,545k).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 TRADE AND OTHER RECEIVABLES

	2024	2023
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	5,699	5,932
Less: provision for impairment of receivables	(83)	(90)
Trade receivables - net	5,616	5,842
Prepayments	457	563
Other receivables	493	134
	6,566	6,539

The company had no contract assets in the current or prior period.

The period end ageing of gross trade receivables of the Company is detailed below:

	2024	2023
	£'000	£'000
Not past due	5,598	5,540
0 - 30 days past due	4	300
31-60 days past due	20	7
61-90 days past due	1	-
Past 91 days	76	85
	5,699	5,932

16 TRADE AND OTHER PAYABLES

	2024	2023
	£'000	£'000
Amounts falling due within one year:		
Trade payables	2,534	2,594
Other taxation and social security payable	-	564
Other payables	-	302
Contract liabilities	386	337
Accruals	2,906	1,130
	5,826	4,927

Contract liabilities represent amounts invoiced under contracts with customers but not recognised as revenue at the balance sheet date with cash received in advance. The outstanding balance is expected to be recognised in the next 12 months.

17 BORROWINGS

	2024	2023
	£'000	£'000
Current:		
Lease liabilities	30	30
Non-current:		
Lease liabilities	3	33
Total lease liabilities	33	63

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 BORROWINGS (CONTINUED)

The table below presents the maturity analysis in respect of lease liabilities:

	As at 30 September 2024	As at 01 October 2023
	£'000	£'000
In one year or less, or on demand	30	30
Two to five years	3	33
Total lease liabilities	33	63

18 PROVISIONS FOR LIABILITIES AND CHARGES

	2024	2023
	£'000	£'000
Current:		
Warranty	452	100
Legal	240	-
Other provisions	288	-
Non-current:		
Warranty	392	624
Property	63	63
Total provisions for liabilities and charges	1,435	787

Warranty provisions cover expected costs under guarantees provided with certain products. Legal provisions relate to specific claims against the Company.

Property obligations relate to leased premises of the Company which are subject to dilapidation risks and are expected to be utilised within the next 5 years.

19 CALLED UP SHARE CAPITAL

	2024	2023
	£	£
Allotted, called up and fully paid ordinary shares of £1 each		
At the beginning of the period	100	100
At the end of the period	100	100

20 SHARE-BASED PAYMENTS

Avon Technologies plc (the Company's parent company) operates an equity settled, share-based compensation plan. Where benefiting employees are employed by Avon Polymer Products Limited, the fair-value of the share options is recharged by Avon Technologies plc to Avon Polymer Products Limited. The cost is recognised within general and administrative expenses. More details on the plan can be found in the Remuneration Report of the Avon Technologies plc annual report.

The table below summarises the movements in the number of share options outstanding for employees of Avon Polymer Products Limited, all of which are nil cost options:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20 SHARE-BASED PAYMENTS (CONTINUED)

	Number of options 2024 '000	Number of options 2023 '000
Outstanding at the beginning of the period	343	231
Forfeited and cancelled during the period	(95)	(74)
Exercised during the period	(8)	-
Granted during the period	603	186
Outstanding at the end of the period	843	343

Share options that were exercised in the year vested on 28 June 2024 at a share price of £13.08.

A Monte Carlo simulation was used to calculate the fair value of awards granted that are subject to a total shareholder return performance condition. The fair value of other awards was calculated as the market price of the shares at the date of grant reduced by the present value of the dividends expected to be paid over the vesting period. Volatility and risk-free rate are not applicable in 2024 as granted awards only have non-market conditions. Other principal assumptions used to value awards each period were on average:

	2024	2023
Weighted average fair value (£)	8.3	8.8
Closing share price at date of grant (£)	8.5	10.6
Expected volatility (%)	N/A	54.0
Risk-free interest rate (%)	N/A	3.4
Expected option term, including holding period where applicable (years)	3.6	3.0
Dividend yield (%)	-	-

21 CONTINGENT LIABILITIES

A cross guarantee arrangement exists between the Company and other group companies in relation to overdraft facilities. At the period end the Company had no liability recorded in these financial statements under this arrangement.

22 RELATED PARTIES

The Company has taken advantage of FRS 101 which exempts the Company from disclosing transactions entered into with other Group companies, provided those companies are also wholly owned.

23 ULTIMATE CONTROLLING PARTY

The immediate parent company and ultimate controlling party and parent company is Avon Technologies plc, incorporated in the United Kingdom and registered in England and Wales. Consolidated financial statements incorporating the results of the Company are prepared by Avon Technologies plc only and no other intermediate holding company. Copies of the consolidated financial statements may be obtained from Avon Technologies plc, Hampton Park West, Semington Road, Melksham, Wiltshire, SN12 6NB or by visiting www.avon-technologiesplc.com.