

RUBEROID CONTRACTS LIMITED

Registered number 1036456

Directors' report and financial statements

For the year ended

31 December 1996



Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	3
Statement of Directors' responsibilities	5
Auditors' report	6
Profit and loss account	7
Balance sheet	8
Notes	9

Ruberoid Contracts Limited

Directors' report

The Directors present their report together with the audited financial statements for the year ended 31 December 1996.

Principal activity and business review

The principal activity of the Company is that of roofing and wall cladding contracting.

Results and dividends

The profit and loss account is shown on page 7. The profit for the year after taxation amounted to £16,000 (1995: £74,000). The Directors do not recommend the payment of a dividend (1995: £Nil).

Research and development

The Company's policy is to enhance the performance of its products through continuous improvements and quality control in order to meet evolving building design criteria and expected European building standards.

Directors and Directors' interests

The Directors who served during the year and subsequently were:

M A Clough	(resigned 7 February 1997)
B B Dyson	
E B McCann	
W R Purkis	(resigned 28 May 1996)
B Stock	(appointed 13 January 1997)
D T Watson	(resigned 31 March 1997)

The interests of Messrs E B McCann and D T Watson in the share capital of the Company's ultimate parent company, Ruberoid PLC, are disclosed in the report and financial statements of that Company.

Ruberoid Contracts Limited

The declarable interests in the share capital of Ruberoid PLC of the other Directors who held office in the Company at 31 December 1996 were as follows:

	At 31 December 1996		At 31 December 1995 (or at date of appointment if later)		Share option movements in the year	
	Fully paid	Share options	Fully paid	Share options	Granted	Exercised
M A Clough	-	28,000	-	28,000‡	-	-
B B Dyson	-	6,765	-	3,890*	2,875†	-

‡ Granted on 25 November 1993 under the Ruberoid PLC Executive Share Option Scheme and normally exercisable, subject to the achievement of performance targets, between November 1996 and November 2003 at 150 pence per share.

* Granted on 28 June 1994 under the Ruberoid PLC Employee Savings Related Share Option Scheme, normally exercisable after 28 June 1999 at 133 pence per share.

† Granted on 12 June 1996 under the Ruberoid PLC Employee Savings Related Share Option Scheme, normally exercisable after 12 June 2001 at 120 pence per share.

None of the Directors had any beneficial interest in the share or loan capital of any subsidiary undertaking of Ruberoid PLC during the year.

Employees

The directors recognise the benefits which accrue from keeping employees informed on the progress of their Company. It is the Company's policy to give fair consideration to the employment needs of disabled people.

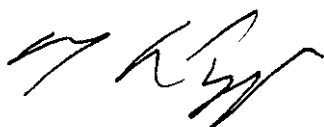
Payment Policy

It is the Company's general policy to abide by the terms of payment agreed with its suppliers.

Auditors

KPMG resigned as the Company's Auditors on 12 November 1996. KPMG Audit Plc was appointed as the Company's Auditor to fill a casual vacancy on 13 November 1996.

This report was approved by the Board on 30 September 1997 and signed on its behalf by:



M L Kippen
Secretary

197 Knightsbridge
London SW7 1RB

Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Auditors' report to the members of Ruberoid Contracts Limited

We have audited the financial statements on pages 7 to 15.

Respective responsibilities of Directors and auditors

As described on page 5 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 1996 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

30 September 1997
2 Cornwall Street
Birmingham
B3 2DL

Ruberoid Contracts Limited

Profit and loss account

for the year ended 31 December 1996

	Note	1996 £'000	1995 £'000
Turnover	2	1,472	3,356
Cost of sales		(1,293)	(2,933)
Gross profit		179	423
Administrative expenses		(178)	(301)
Operating profit		1	122
Interest payable	3	(8)	(9)
(Loss)/profit on ordinary activities before taxation	5	(7)	113
Tax on (loss)/profit on ordinary activities	6	23	(39)
Retained profit for the financial year transferred to reserves	14	16	74

The result for the financial year was derived wholly from continuing operations.

There is no difference between the result as disclosed in the profit and loss account and the result calculated on an unmodified historical cost basis.

Movements in reserves are set out in note 14 on page 14.

Statement of total recognised gains and losses

There were no recognised gains or losses other than those disclosed in the profit and loss account.


Ruberoid Contracts Limited

Balance sheet

at 31 December 1996

	Note	1996		1995	
		£'000	£'000	£'000	£'000
Fixed assets	7				
Tangible assets			-		66
Current assets					
Stocks	8	-		39	
Debtors: amounts falling due within one year	9	420		525	
Debtors: amounts falling due after more than one year	9	892		729	
Cash		-		194	
		<u>1,312</u>		<u>1,487</u>	
Creditors: amounts falling due within one year	10	(483)		(457)	
Net current assets			829		1,030
Total assets less current liabilities			<u>829</u>		<u>1,096</u>
Creditors: amounts falling due after more than one year	11		(639)		(922)
Net Assets			<u><u>190</u></u>		<u><u>174</u></u>
Capital and reserves					
Called up share capital	13		3,250		3,250
Profit and loss account	14		(3,060)		(3,076)
Equity shareholders' funds			<u><u>190</u></u>		<u><u>174</u></u>

These financial statements were approved by the board of Directors on 30 September 1997 and were signed on its behalf by:


B Stock
Director

Ruberoid Contracts Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements are prepared in accordance with applicable accounting standards using the historic cost accounting rules.

Related Party Transactions

Under Financial Reporting Standard 8 the company is exempt from the disclosure of transactions with other Group undertakings on the grounds that it is wholly owned and its results are included in Ruberoid PLC's consolidated financial statements which are publicly available.

Turnover

Turnover represents the net amount receivable, excluding value added tax, for contracts completed for during the year.

Depreciation

Freehold land is not depreciated. Depreciation is provided to write off the cost of other tangible assets less their estimated residual values, by equal annual instalments, over their estimated useful lives as follows:

Freehold buildings	- 50 years
Plant, machinery and vehicles	- 3 to 15 years

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost includes appropriate overheads.

Deferred Taxation

Deferred taxation, calculated using the liability method, is included only where the effects of timing differences between results as stated in the financial statements and as computed for taxation purposes are likely to crystallise in the foreseeable future.

Ruberoid Contracts Limited

1 Accounting policies (continued)

Pensions

The Group operates both money purchase and final salary pension schemes. The amount charged against profit in respect of the money purchase schemes represents the contributions payable to the schemes in respect of the accounting period. Contributions to the final salary schemes are charged to the Profit and Loss Account so as to spread the cost of pensions over employees' working lives with the Company.

2 Turnover

Turnover arose from one class of business and in the United Kingdom, the Company's sole market.

3 Interest payable

	1996 £'000	1995 £'000
Interest payable on bank loans and overdrafts	2	-
Interest payable to Group undertakings	<u>6</u>	<u>9</u>
	<u>8</u>	<u>9</u>

4 Employees and Directors

The average number of employees (including Directors) of the Company during the year comprises:

	1996 Number	1995 Number
Production	<u>12</u>	<u>45</u>

The aggregate employment costs are as follows:

	1996 £'000	1995 £'000
Wages and salaries	145	559
Social security costs	12	58
Other pension costs	2	4
	<u>159</u>	<u>621</u>

None of the Directors received any emoluments during the year ended 31 December 1996 (1995 : None)

Ruberoid Contracts Limited

5 (Loss)/profit on ordinary activities before taxation

	1996 £'000	1995 £'000
The (loss)/profit on ordinary activities before taxation has been arrived at after charging/(crediting):		
Operating leases:		
Hire of plant and machinery	24	18
Hire of other assets	-	5
Profit on sale of fixed assets	-	(1)
Depreciation on tangible assets (note 7)	6	18
Auditors' remuneration – audit	<u>5</u>	<u>6</u>

6 Tax on (loss)/profit on ordinary activities

Taxation based on the (loss)/profit for the year comprises:

	1996 £'000	1995 £'000
UK Corporation Tax at 33%	(5)	36
Adjustment relating to prior year	(22)	-
Deferred taxation at 33% (see note 12)	4	3
	<u>(23)</u>	<u>39</u>

Ruberoid Contracts Limited

7 Tangible assets

	Freehold land and buildings £'000	Plant, machinery & vehicles £'000	Total £'000
Cost or valuation			
At beginning of year	92	72	164
Transfer to fellow subsidiary undertaking	(90)	-	(90)
Disposals	-	(34)	(34)
	<hr/>	<hr/>	<hr/>
At end of year	<u>2</u>	<u>38</u>	<u>40</u>
Depreciation			
At beginning of year	29	69	98
Charge for the year	3	3	6
Transfer to fellow subsidiary undertaking	(30)	-	(30)
Disposals	-	(34)	(34)
	<hr/>	<hr/>	<hr/>
At end of year	<u>2</u>	<u>38</u>	<u>40</u>
Net Book Value			
At 31 December 1996	<hr/> -	<hr/> -	<hr/> -
At 31 December 1995	<u>63</u>	<u>3</u>	<u>66</u>

8 Stocks

	1996 £'000	1995 £'000
Raw materials and consumables	-	13
Work in progress	70	433
	<hr/>	<hr/>
	70	446
Payments received on account	(70)	(407)
	<hr/>	<hr/>
	<u>-</u>	<u>39</u>

Ruberoid Contracts Limited

9 Debtors

	1996 £'000	1995 £'000
Amounts falling due within one year:		
Trade debtors	239	288
Amounts owed by Group undertakings	171	199
Other debtors	5	38
Group relief receivable	5	-
	<u>420</u>	<u>525</u>
Amounts falling due after more than one year:		
Deferred taxation (see note 12)	10	14
Amounts owed by Group undertakings	882	715
	<u>892</u>	<u>729</u>
	<u>1,312</u>	<u>1,254</u>

10 Creditors: amounts falling due within one year

	1996 £'000	1995 £'000
Bank loans and overdrafts	65	-
Payments received on account	4	-
Trade creditors	44	137
Amounts owed to Group undertakings	304	133
Corporation tax	-	36
Other taxation and social security	-	53
Other creditors	10	1
Accruals and deferred income	56	97
	<u>483</u>	<u>457</u>

Ruberoid Contracts Limited

11 Creditors: amounts falling due after more than one year

	1996	1995
	£'000	£'000
Amounts owed to Group undertakings		
	<u>639</u>	<u>922</u>

12 Deferred taxation

The movement in the deferred tax asset during the year was as follows:

	1996
	£'000
At beginning of year	14
Transfer to profit and loss account	(4)
At end of year	<u>10</u>

The deferred tax asset is included in debtors (see note 9), is calculated at 33% and relates to accelerated capital allowances

There was no unprovided deferred tax at 31 December 1996 (31 December 1995 : £Nil).

13 Share capital

	1996	1995
	£'000	£'000
Authorised, allotted, called up and fully paid		
3,250,000 ordinary shares of £1 each	<u>3,250</u>	<u>3,250</u>

14 Profit and loss account

	£'000
At beginning of year	(3,076)
Retained profit for the financial year	<u>16</u>
At end of year	<u>(3,060)</u>

Ruberoid Contracts Limited

15 Reconciliation of movements in equity shareholders' funds

	1996	1995
	£'000	£'000
Profit for the financial year	16	74
Equity shareholders' funds at beginning of year	174	100
Equity shareholders' funds at end of year	<u>190</u>	<u>174</u>

16 Contingent Liabilities

The Company has guaranteed bank overdrafts and loans in respect of its parent company and fellow subsidiary undertakings. At 31 December 1996 these guarantees amounted to £19,484,444 (1995 : £17,428,262).

17 Pensions

All monthly staff are entitled to contribute to a Group final salary scheme. Operatives are entitled to contribute to a Group money purchase scheme. Full disclosure is contained in the financial statements of the ultimate parent company, Ruberoid PLC.

18 Ultimate Parent Company

The ultimate parent company is Ruberoid PLC, a company incorporated in Great Britain. Copies of the consolidated financial statements are available from the Secretary, Ruberoid PLC, 197 Knightsbridge, London SW7 1RB.

The financial statements of Ruberoid PLC are the only consolidated financial statements to incorporate Ruberoid Contracts Limited.